Ohio Office of Budget and Management

State of Ohio

John Kasich

Governor

OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2011

ACKNOWLEDGMENTS

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State Accounting

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INTRODUCTORY SECTION

Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

January 20, 2012

To the Honorable John R. Kasich, Governor;
Members of the Ohio General Assembly; and
Citizens of Ohio:

It is my privilege to present the State of Ohio's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011, prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Office of Budget and Management (OBM) prepared this report pursuant to Section 126.21, Ohio Revised Code. The report includes the basic financial statements, which provide an overview of the State's financial position and the results of financial operations. Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, including all disclosures, rests with OBM.

To the best of our knowledge and belief, the information presented is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the State of Ohio. All disclosures necessary for a reasonable understanding of the State's financial activities have been included.

This letter of transmittal is intended to complement management's discussion and analysis (MD&A) and should be read in conjunction with it. The MD&A provides an overview of the State's financial activities, addressing both governmental and business-type activities reported in the government-wide financial statements.

The reporting format for our CAFR is significantly different from the way the State more typically presents its finances on a non-GAAP budgetary basis. The most obvious difference is that the "General Fund" in the CAFR includes more than just the State's General Revenue Fund (GRF). The General Fund also includes other funds, such as the reimbursement-supported funds used for activities administered by state agencies and departments for which special revenue or proprietary fund classifications were considered to be inappropriate.

The State's management is responsible for establishing and maintaining internal control designed to ensure that the State's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT RESULTS

In compliance with Ohio Revised Code, an annual financial audit has been performed by the Office of the Auditor of State. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's unqualified opinion is included in the Financial Section of this report. This opinion indicates there was no limitation on the scope of the auditors' examination and the financial statements were presented fairly, in all material respects, in conformity with GAAP.

Additionally, the State's Single Audit report is audited by the Office of the Auditor of State to meet the requirements of the federal Single Audit Act Amendments of 1996 and related Office of Management and Budget (OMB) Circular A-133. The Single Audit report will be issued separately from the State's CAFR.

PROFILE OF THE GOVERNMENT

History

Ohio's first constitution was adopted in 1802, and Ohio entered the union in 1803. Ohio's present constitution was modified by a state constitutional

convention in 1851 and has since been amended on numerous occasions. The Constitution establishes a state governmental structure similar to the federal model, with three separate branches of government – executive, legislative, and judicial.

Governmental Structure
The executive branch consists of the Governor and Lieutenant Governor, who are jointly elected, and four additional statewide elected officials: the Attorney General, the Auditor of State, the Secretary of State, and the Treasurer of State. All of these officials are elected to four-year terms. The State Board of Education is also part of the executive branch. Approximately 100 departments, agencies, boards, and commissions are part of the executive branch of government and receive appropriations from the legislature, along with several judicial and legislative agencies. An organizational chart of state government can be found on pages x and xi.

The state legislature in Ohio is referred to as the General Assembly and consists of two separate chambers, the Senate, a 33-member body, and the House of Representatives, a 99-member body. Each member of the General Assembly is elected to represent the residents of a geographical district for a specified term. Members of Ohio's General Assembly are subject to term-limits; senators are restricted to serving two four-year terms, and representatives are restricted to serving four two-year terms. Each chamber has a presiding officer to call the chamber to order and direct the calendar of events. The presiding officer in the Senate is the President of the Senate, and the presiding officer of the House of Representatives is the Speaker of the House. A new General Assembly is convened in January of each odd-numbered year.

Within the judicial system, the Supreme Court is the court of last resort in Ohio. Most of its cases are appeals from the twelve district courts of appeal. The chief justice and six justices are elected to six-year terms on a nonpartisan ballot.

Reporting Entity and Its Services
For financial reporting purposes, the State's reporting entity consists of 1) the primary government, 2) component units for which the primary government is financially accountable (blended component units), and 3) other component units for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discrete component units). The criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, are used to determine the organizations for which the State is financially accountable. NOTE 1A to the financial statements explains more fully which financial activities are included in the State's reporting entity.

The State provides a wide range of services and support to its citizenry that are accounted for in the following functions or programs: primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, community and economic development, workers' compensation, lottery, unemployment compensation, tuition credits, liquor control, and other business-type activities.

Retirement Systems
Employees of the primary government or its component units may be eligible to participate in the Ohio Public Employees Retirement System, the State Teachers Retirement System of Ohio, the State Highway Patrol Retirement System, or the Alternative Retirement Plan. Further information on the State's participation in the different retirement systems can be found in NOTE 9 to the financial statements.

Risk Management
As discussed in NOTE 1P to the financial statements, the State's primary government is self-insured for claims under the Ohio Med Health, United Healthcare, and Aetna plans, as well as for vehicle liability. Public official fidelity bonding is placed with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. Also, the State's primary government and its component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their workers' compensation liability.

Budgetary Control and Accounting System
Ohio's Constitution requires the State to have a balanced budget. The State's biennium budget begins on July 1 of odd-numbered years and ends 24 months later on June 30. The State maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the General Assembly. Budgets are entered on the statewide accounting system once the appropriations bill becomes law. Controls are maintained first at the agency level, with additional control at the fund and appropriation level to ensure that expenditures do not exceed authorized limits.

The State's non-GAAP budgetary financial statements are prepared on a modified cash basis of accounting. This means that revenues are recognized when cash is received and expenditures are recognized when cash is paid. Encumbrances, reservations of appropriation authority as of June 30, the end of the State fiscal year, are reflected as expenditures on the budgetary basis of accounting.

Budget-to-actual comparisons can be found in this report for each governmental fund for which an

appropriated annual budget has been adopted. For the General Fund and the Jobs, Family and Other Human Services Special Revenue Fund, these comparisons are presented as part of the basic financial statements. For other budgeted governmental funds with appropriated annual budgets, budget-to-actual comparisons are in the non-major governmental funds section of the CAFR.

Additional discussion of the budgetary and GAAP bases of accounting is provided in NOTE 1 to the financial statements.

The accounting system maintains all non-GAAP budgetary basis transactions and most GAAP basis adjustments. In addition to the information obtained from the accounting system for financial reporting, selected financial information provided by the State's agencies and departments is compiled to complete the GAAP basis financial statements.

Differences between the two bases of accounting (GAAP vs. non-GAAP budgetary) include: 1) entity differences — the GAAP reporting entity may include organizations such as financing authorities and other component units that are not included in the State's budget; 2) basis differences — the GAAP basis results in the reporting of accruals while the non-GAAP budgetary basis results in the reporting of cash transactions; and 3) timing differences — for example, GAAP recognizes expenditures for payables for goods and services received, whereas the non-GAAP budgetary basis considers unliquidated encumbrances as expenditures. A reconciliation between the GAAP basis and non-GAAP budgetary basis fund balances is presented in NOTE 3 to the financial statements.

ECONOMIC OVERVIEW AND OUTLOOK

The economic expansion continued throughout 2011, extending the string of positive quarterly change in real GDP to ten. Real GDP growth averaged less than 1 percent in the first half and picked up to approximately 2.5 percent in the second half, according to the January 2012 Blue Chip Economic Indicators consensus. Real GDP finally surpassed the all-time peak established in the second quarter of 2008 in the third quarter of 2011. The 2011 gain followed a 3.0 percent increase in 2010 and a 3.5 percent decrease in 2009.

Despite having clearly turned upward in the past year, economic growth continues to fall well short of that experienced in past recoveries. Real GDP has expanded at an estimated annual rate of 2.4 percent during the first ten quarters of this expansion, compared with the historical average of 5.7 percent. The pace is comparable to the growth rates following the most recent two recessions. Growth in real final sales, however, has been the second weakest on record, only slightly exceeding the pace following the mild 2001 recession.

The substantial decrease in aggregate demand has suppressed consumer price inflation. After decreasing by 0.3 percent on average in 2009 for the first annual decline since 1955, the Consumer Price Index (CPI) increased only 1.6 percent in 2010 and an estimated 2.1 percent in 2011, according to the Blue Chip consensus. Inflation was last this low for a three-year period in the mid-1950s.

The Federal Reserve responded to continued weak economic growth and lingering financial stresses by retaining the federal funds rate target range at 0 percent to 0.25 percent and by making additional bond purchases to support capital markets. Interest rates remained at long-time lows, and in the case of 30-year fixed rate mortgages decreased to the lowest level on record. Monetary policy makers have indicated ongoing concern with the pace of expansion and expressed the intention of responding to any new shocks to the economy with additional measures.

Fiscal policy continued to add to aggregate demand in 2011. Federal government spending remained elevated and tax revenues remained depressed again in federal fiscal year 2011, resulting in one of the largest budget deficits on record for the third year in a row. Total receipts increased 6.5 percent, but were still 10.3 percent below the 2007 level. Total outlays increased 4.1 percent to a new record high in fiscal year 2011. At nearly 9 percent, the resulting budget deficit was the largest since 1945, other than the deficits in 2009 and 2010.

Extensive slack characterized labor markets throughout 2011, as the number of unemployed and under-employed people remained high. The hiring and layoffs of government census workers distorted the monthly pattern, but private-sector payrolls expanded in each month of the year. Growth in total nonfarm payrolls averaged 160,000 jobs per month in 2011 and the unemployment rate declined from 9.4 percent at the end of 2010 to 8.5 percent in December 2011. Despite the positive trends in labor markets, the pace of hiring has been weak and the severity of unemployment remains extreme by a variety of measures, including the length of time out of work.

Ohio employment also turned upward in 2011, rising by 79,300 jobs for the year through November compared with an increase of 31,000 jobs in all of 2010. Ohio employment fell by 450,300 jobs from its peak in March 2006 to its low point in December 2009. All major sectors of the economy contributed to job growth in 2011 with the exception of government, where employment fell by 8,700 jobs. Growth was concentrated in educational and health services (+22,200), trade, transportation and utilities (+19,200), manufacturing (+17,200) and professional and business services (+15,300).

The strengthening in labor markets translated into faster growth in U.S. personal income in 2011. After decreasing 5.1 percent from the third quarter of 2008 to the third quarter of 2009, personal income increased 4.9 percent in the year ending in the third quarter of 2010 and 4.2 percent in the year ending in the third quarter of 2011.

Ohio personal income followed a similar pattern, swinging from a 3.8 percent decline during the year ending in the third quarter of 2009 to a 4.0 percent increase during the year ending in the third quarter of 2010 and 3.7 percent in the year ending in the third quarter of 2011. Wage and salary disbursements have trailed total personal income in Ohio, falling 5.3 percent in 2009 and rising 3.0 percent and 2.6 percent in 2010 and 2011, respectively.

The economy is likely to continue expanding in 2012. Growth is projected to be about the same or stronger than in 2011 and remain below the pace experienced in previous recoveries. Real GDP is projected by the January Blue Chip Economic Indicators consensus to expand by 2.2 percent in 2012. Recent patterns in key economic measures, such as retail sales and industrial production, suggest that growth could be somewhat stronger early in the year. In response, a number of forecasters have raised their projections for 2012.

The Ohio economy is also expected to grow in 2012, as measured by employment, personal income, and real gross state product, according to the December IHS Global Insight forecast.

Ohio employment is projected to increase for the third year in a row in 2012 on a fourth quarter-to-fourth quarter basis. After decreasing for four years in a row and culminating with a 5.3 percent decline in 2009, Ohio employment increased by 0.6 percent in 2010 and by an estimated 1.5 percent in 2011. IHS Global Insight projects gains of 1.4 percent in 2012 and 1.3 percent in 2013.

Driven by rising employment and earnings per worker, Ohio personal income is projected to increase approximately 3 percent in both 2012 and 2013, following a decrease of 3.3 percent in 2009, an increase of 3.0 percent in 2010 and an estimated gain of 4.2 percent in 2010.

Real Ohio gross state product is estimated to have gained 2.4 percent in 2011 after a decrease of 2.4 percent in 2009 and an increase of 2.1 percent in 2010. Growth is projected to continue at a slower pace of 1.5 percent and 1.7 percent in 2012 and 2013, respectively.

Overall economic growth during the next several years is anticipated to fall short of the 3.25 percent rate during 1947-2009 for several reasons:

- The paying down of debt by households and businesses will subtract from growth instead of adding to growth as the accumulation of debt did during the expansion of the 2000s;
- The tremendous decrease in wealth from the decline in financial markets and housing prices will reduce consumption, although this factor has been somewhat offset by recent and substantial increases in prices of financial assets; and
- Housing construction will remain relatively subdued due to the large supply of unoccupied houses and low expectations for price appreciation.

The future economic situation is uncertain. In the near term, U.S. economic growth could be stronger than previously anticipated for a time before ultimately giving way to more moderate growth longer term. The economy could benefit more than is widely anticipated in the near term from the following:

- Extraordinarily accommodative monetary policy, which is pegging short-term interest rates at generational lows and engaging in policies designed to lower longer-term interest rates and support asset prices;
- Rapid growth in corporate profits and strong corporate balance sheets; and
- Improvements in consumer confidence and household balance sheets.

However, risks to the economic outlook include:

- Increases in the price of oil beyond the current level;
- Financial stress among European nations and U.S. state and local governments;
- Another wave of residential mortgage defaults could lead to foreclosures and renewed downward pressure on home prices;
- The extremely large projected federal budget deficits, which could undermine the foreign exchange value of the dollar and push inflation and interest rates up;
- Large direct and indirect costs of new regulations in health care, energy and financial services; and
- Over the longer term, the scheduled expiration of the 2003 federal income tax cuts at the end of 2012 and the imposition of other tax increases and costly regulations.

MAJOR INITIATIVES AND PROJECTS

The "Jobs Budget" for Fiscal Years 2012 and 2013

Upon assuming office in January 2011, Governor John Kasich faced the aftermath of a deep, lingering recession and the prospect of an historic shortfall in the State's next biennial budget. In response, he introduced a series of bold initiatives to renew fiscal stability, reform outdated government programs and

revive Ohio's economy as an engine for jobs creation and prosperity.

The State's fiscal year 2010-2011 biennial budget, had been based upon an underlying fiscal framework that depended heavily on the use of one-time resources, an approach that presented significant challenges for planning the succeeding State budget. Foremost of these challenges was a projected $7.7 billion budget shortfall for fiscal years 2012 and 2013, due to the reliance on federal stimulus dollars and other significant one-time resources in fiscal years 2010 and 2011 as well as the projected continued growth in existing state programs such as Medicaid.

On March 15, 2011, Governor Kasich introduced his executive budget and then worked with legislative leaders toward passage of H.B. 153 – the main budget bill for fiscal years 2012-2013. Signed by the governor on June 30, 2011, "The Jobs Budget" erased the projected shortfall and returned the state budget to structural balance. This was accomplished without raising additional taxes and while implementing a $400 million annual income tax reduction that took effect in January 2011 – the final step of phased-in tax cuts that began in 2006. Total GRF appropriations in H.B. 153 are $27.1 billion in fiscal year 2012 and $28.7 billion in fiscal year 2013; appropriations across all funds are $55.8 in fiscal year 2012 and $56.4 billion in fiscal year 2013.

H.B. 153 restored structural balance to the operating budget through a number of fundamental changes and reforms, including:

- **Renewing Fiscal Stability and Reining-in Spending:** H.B. 153 closed an historic $7.7 billion budget gap that had been projected for fiscal years 2012-2013 by asking every state agency to tighten its belt – and asking the same of local governments as well. In the wake of a budget that relied heavily on one-time resources and budgeting strategies that made GRF spending appear artificially lower, the fiscal year 2012-2013 budget virtually eliminates reliance on one-time funds by the second year and returns Ohio to more transparent and standard budgeting practices. The fiscal year 2012-2013 budget reduces non-Medicaid appropriations in the GRF by nearly $700 million compared to actual spending in the previous biennium. Through this and other cost-reduction strategies in H.B. 153, government spending is restrained and aligned with ongoing resources.

- **Making Ohio Jobs Friendly:** In January 2011, H.B. 1 created JobsOhio, a private, nonprofit corporation designed to lead Ohio's job-creation efforts. Provisions in H.B. 153 authorized a stable revenue stream for JobsOhio, a source of funding not subject to the vagaries of a budget bill. These efforts were further supported in H.B. 153 with several jobs-friendly initiatives. Through its InvestOhio initiative, the budget bill provides a 10 percent tax credit for long-term investments of up to $10 million in an Ohio small business. Elimination of Ohio's estate tax provides more than $300 million in tax relief annually, helping farmers and small-business owners keep enterprises in the family from generation to generation. In addition, the existing refundable Job Retention Tax Credit (JRTC) was expanded by H.B. 153, allowing the State to issue up to $25 million of new refundable tax credits between 2011 and 2013 and from 2014 to 2028, up to $25 million per fiscal year. The budget provides $60 million for incumbent worker training to help prevent layoffs created by a skills deficit and to help ensure that Ohio businesses have the workforce they need to be globally competitive.

- **Transforming State Healthcare Programs to Achieve Cost Savings and Improve Their Operation:** Governor Kasich created the Office of Health Transformation (OHT) in January 2011 in order to immediately address Medicaid spending issues, plan for the long-term, efficient administration of Ohio's Medicaid program and improve overall healthcare system performance in Ohio. H.B. 153 focused on three primary strategies:

    - Improving care coordination will promote better health for Ohioans, while achieving cost savings. H.B. 153 lays the groundwork to create a single point of care coordination, using a new Integrated Care Delivery System (ICDS) that will provide comprehensive, person-centered care that addresses the physical health, behavioral health, long-term care and social needs of seniors and people with disabilities.

    - Integration of behavioral and physical healthcare fosters the treatment of the whole person and their healthcare needs. H.B. 153 also takes several important steps to treat physical health conditions and behavioral health conditions in a comprehensive, coordinated manner. During fiscal years 2012-2013, Ohio will integrate the Medicaid alcohol and drug treatment and mental health carve-out benefits, currently administered by the Department of Mental Health (ODMH) and the Department of Alcohol and Drug Addiction Services (ODADAS), into the overall Medicaid program administered by the Department of Job and Family Services (ODJFS), thereby improving coordination of these services.

    - Rebalancing long-term care enables seniors and people with disabilities to live with dignity in settings they prefer. H.B. 153 creates a unified budget for long-term care services for

seniors and people with physical disabilities, allowing individuals' choices, instead of political decisions, to drive spending decisions. The budget will also consolidate the five home and community based waivers that serve individuals with a nursing-facility-level of care into a single, seamless waiver. These changes will improve access into and within the service delivery system, provide consistent opportunity for individual choice, and achieve greater transparency in price and quality for individuals who need long-term care services.

- **Improving Educational Opportunities for Ohio Students:** H.B. 153 expands education choices by more than doubling the number of EdChoice scholarships (from 14,000 to 30,000 in fiscal year 2012 and to 60,000 in fiscal year 2013) and lifting the cap on the number of charter schools. The budget requires failing schools to implement practices that will turn the school around by replacing staff, hiring an independent organization to run the school or by closing it. A new teacher evaluation system, based on multiple measures, gives students the opportunity to learn from the best, when seniority is no longer the primary focus of teacher employment and compensation. Instead, high-quality educators will receive better recognition and lower-performing teachers will be able to improve or be removed. A 3.5 percent tuition cap enacted in the budget bill helps make higher education affordable. Additionally, the budget works to keep students in Ohio by extending the in-state resident tuition break to ten years if an Ohio high school graduate leaves the state and wants to return.

- **Maximizing the Value of Existing State Assets:** As part of the Kasich Administration's budget-balancing strategy, H.B. 153 authorized the sale or lease of existing state assets in order to maximize their value for Ohio citizens. The budget bill authorized the State to enter into a long-term lease of its liquor enterprise to JobsOhio – the new, private-sector jobs-creation entity – a transaction that, at a minimum, will generate an estimated $500 million in GRF revenues in fiscal year 2012. This lease of the State's liquor enterprise not only has helped address the projected budget shortfall, but also provides an ongoing source of funding for JobsOhio and its economic development efforts. H.B. 153 also authorized the privatization of a number of the State's adult correctional facilities to private operators, resulting in both an estimated up-front payment of $75 million in fiscal year 2012 and long-term operational savings as a result of reducing the number of inmates and facilities under the direct control of the Department of Rehabilitation and Correction. In addition, the budget prepares for projected shortfalls in federal and state highway funding, which threaten the future of Ohio's transportation system as a fundamental generator of jobs and commerce. Possible leveraging of the Ohio Turnpike, authorized in H.B. 153, could provide needed support for new transportation projects and required maintenance that will keep Ohio's job-creating infrastructure moving.

Tax Reform

The State's operating budget for fiscal years 2012 and 2013 contained a number of significant and far-reaching changes in tax policy, as discussed above. In addition, fiscal year 2011 marked implementation of the final phase of an aggressive tax reform package authorized in June 2005 by Amended Substitute House Bill 66 (H.B. 66), the biennial budget bill for fiscal years 2006-2007. As described extensively in prior financial reports, this tax reform was a significant overhaul of Ohio's state and local tax structure. The reforms were initially scheduled to be phased in between fiscal years 2006 and 2010; however, H.B. 318, which was signed into law in December 2009, suspended the final, planned 4.25 percent reduction in state income tax rates that had been scheduled to occur for 2009. The previously delayed income tax rate reduction has now been implemented, taking effect at the beginning of tax year 2011. As a result, the final impact of H.B. 66 included:

- A 21 percent reduction in the income tax from 2005 levels;
- Elimination of the tangible personal property tax for general businesses and for telecommunications companies;
- Elimination of the corporate franchise tax (except for financial institutions and their affiliates); and
- Enactment of a commercial activity tax (CAT).

Improved Financial Systems Management

Ohio has continued deployment and enhancement of a comprehensive enterprise information system throughout state government. The Ohio Administrative Knowledge System, known as OAKS, implemented a new human resource system for state agencies to manage payroll and personnel; an accounting and financial management and reporting system; and enhanced budget decision and management tools. More recent enhancements to OAKS have greatly streamlined security management activities, providing greater control and documentation of the security function. In addition to these tools, the deployment of OAKS has required the State to upgrade skills and invest in human capital development in the workforce across agencies. OAKS continues to increase its value for the state by leveraging an effective Business Intelligence reporting methodology, upgrading and improving its human resource system, and implementing the eBid procurement module, which permits vendors to receive information about the types

of business the State is engaging in and permits them to electronically place bids on posted contracts.

To improve the efficiency of agency fiscal operations, OBM used the foundation of OAKS to launch a shared services organization in October 2009. Ohio Shared Services (OSS) consolidates back-office finance functions for selected agencies into a central service provider using paperless processes and a call center to support vendor management, invoice processing, and all travel and expense transactions for the State. Accounts payable services were provided for eight Cabinet agencies by the end of 2010. OBM completed a reassessment of Ohio Shared Services in early 2011, and decided to move forward with implementation of accounts payable processing for the remaining 17 Cabinet agencies by September 2012.

To enhance collections and revenue management, the Department of Taxation is currently in the process of developing and deploying the State Taxation Accounting and Revenue System (STARS). When implemented, STARS will provide an integrated tax collection and audit system, and replace the State's existing separate tax software and administration systems for the 24 different taxes collected by the State. STARS will make it possible for the Department of Taxation to provide an improved quality of taxpayer service and enhance the compliance activities of the department.

Respectfully submitted,

Timothy S. Keen
Director

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

In conclusion, I wish to express my appreciation to the staffs of the various state agencies whose time and dedicated efforts made this report possible. I encourage you to access Ohio's Comprehensive Annual Financial Report at http://www.obm.ohio.gov.

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STATE OF OHIO OFFICIALS

As of June 30, 2011

EXECUTIVE

John Kasich
Governor

Mary Taylor
Lieutenant Governor

Mike Dewine
Attorney General

Dave Yost
Auditor of State

Josh Mandel
Treasurer of State

Jon Husted
Secretary of State

LEGISLATIVE

Thomas E. Niehaus
President of the Senate

William G. Batchelder
Speaker of the House

JUDICIAL

Maureen O'Connor
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT

LEGISLATIVE	EXECUTIVE	JUDICIAL
Senate (33 Members) **House of Representatives** (99 Members)	**Governor** **Lieutenant Governor** **Attorney General** **Auditor of State** **Secretary of State** **Treasurer of State** **State Board of Education** (11 Elected Members, and 6 At-Large Members)	**Supreme Court** Chief Justice and 6 Justices
Governmental Activities: General Government: Senate House of Representatives Legislative Service Commission Legislative Committees	**Governmental Activities:** Primary, Secondary and Other Education: Arts Council Department of Education Educational Telecommunications School for the Blind School for the Deaf State Library Board Higher Education Support: Board of Regents Career Colleges and Schools Board Public Assistance and Medicaid: Department of Job and Family Services Health and Human Services: Department of Aging Department of Alcohol and Drug Addiction Services Department of Health Department of Mental Health Department of Developmental Disabilities Department of Veteran Services Hispanic-Latino Affairs Commission Legal Rights Service Minority Health Commission Rehabilitation Services Commission Justice and Public Protection: Adjutant General Board of Tax Appeals Civil Rights Commission Department of Public Safety Department of Rehabilitation and Correction Department of Youth Services Ethics Commission Office of the Attorney General Public Defender Commission Environmental Protection and Natural Resources: Department of Natural Resources Environmental Protection Agency Environmental Review Appeals Lake Erie Commission Transportation: Department of Transportation	**Governmental Activities:** Justice and Public Protection: Supreme Court Judicial Conference Judiciary Court of Claims

PRIMARY GOVERNMENT (Continued)

General Government:
Capitol Square Review & Advisory Board
Consumers' Counsel
Department of Administrative Services
Department of Commerce
Department of Insurance
Department of Taxation
Office of Budget and Management
Office of the Governor
Office of the Inspector General
Office of the Lieutenant Governor
Office of the Secretary of State
Office of the Treasurer of State
Public Utilities Commission
Racing Commission
Sinking Fund Commission
Other Boards and Commissions

Community and Economic Development:
Department of Agriculture
Department of Development
Expositions Commission
Public Works Commission
Southern Ohio Agricultural & Community Development Foundation

Business-Type Activities:
Bureau of Workers' Compensation and Industrial Commission
Capitol Square Review & Advisory Board —Underground Parking Garage
Department of Commerce— Liquor Control Division
Department of Job and Family Services— Unemployment Compensation Program
Lottery Commission
Office of the Auditor of State
Tuition Trust Authority

COMPONENT UNITS

Blended Component Units:
Ohio Building Authority
(included in Governmental and Business-Type Activities)
State Highway Patrol Retirement System
(included as Fiduciary Activities)
Buckeye Tobacco Settlement Financing Authority
(included as Governmental Activities)

Discretely Presented Component Units:
Financing Authorities:
Ohio Air Quality Development Authority
Ohio Water Development Authority
Ohio Capital Fund

Commissions:
Cultural Facilities Commission
School Facilities Commission
eTech Ohio Commission

Discretely Presented Component Units (continued):
State Universities:
Bowling Green State University
Central State University
Cleveland State University
Kent State University
Miami University
Ohio State University
Ohio University
Shawnee State University
University of Akron
University of Cincinnati
University of Toledo
Wright State University
Youngstown State University

State Community Colleges:
Cincinnati State
Clark State
Columbus State
Edison State
Northwest State
Owens State
Southern State
Terra State
Washington State

JOINT VENTURES

Great Lakes Protection Fund
Local Community Colleges
Technical Colleges

RELATED ORGANIZATIONS

Higher Education Facility Commission
Ohio Housing Finance Agency
Ohio Legal Assistance Foundation
Ohio Turnpike Commission
Petroleum Underground Storage Tank Release Compensation Board

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davidson

President

Executive Director

FINANCIAL SECTION

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable John Kasich, Governor
State of Ohio
Columbus, Ohio

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio (the State) as of and for the year ended June 30, 2011, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following organizations:

Primary Government: Office of the Auditor of State; Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio; Office of Financial Incentives; State Treasury Asset Reserve of Ohio; Treasurer of State Lease Revenue Bonds; and Tuition Trust Authority.

Blended Component Units: Ohio Building Authority and State Highway Patrol Retirement System.

Discretely Presented Component Units: Bowling Green State University; Central State University; Cleveland State University; Kent State University; Miami University; Ohio State University; Ohio University; Shawnee State University; University of Akron; University of Cincinnati; University of Toledo; Wright State University; Youngstown State University; Cincinnati State Community College; Clark State Community College; Columbus State Community College; Edison State Community College; Northwest State Community College; Owens State Community College; Southern State Community College; Terra State Community College; Washington State Community College; Ohio Capital Fund; and Ohio Water Development Authority.

In addition, we did not audit the financial statements of the Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, and School Employees Retirement System, whose assets are held by the Treasurer of State and are included as part of the State's Aggregate Remaining Fund Information.

These financial statements reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues / Additions
Governmental Activities	2%	1%
Business-Type Activities	93%	38%
Aggregate Discretely Presented Component Units	98%	99%
Aggregate Remaining Fund Information	95%	33%
Workers' Compensation	97%	100%

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www.auditor.state.oh.us

Those financial statements listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these independently audited organizations, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and respective budgetary comparisons for the General and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 of the basic financial statements, the State of Ohio implemented Governmental Accounting Standards Board Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 59, *Financial Instruments Omnibus*.

In accordance with *Government Auditing Standards*, we are issuing our report dated January 20, 2012 under separate cover with the State of Ohio Single Audit report, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include the *Management's Discussion and Analysis* and *the Required Supplementary Information's Infrastructure Assets Accounted for Using the Modified Approach*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the State's basic financial statements taken as a whole. The introductory section, combining fund statements, individual fund schedules and statistical section provide additional information and are not a required part of the basic financial statements. The financial section's combining statements and individual fund schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We and the other auditors subjected the combining fund statements and individual fund schedules to the auditing procedures applied in the audit of the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Dave Yost
Auditor of State

January 20, 2012

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State of Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

(Unaudited)

Introduction

This section of the State of Ohio's annual financial report presents management's discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2011. The management's discussion and analysis section should be read in conjunction with the preceding transmittal letter and the State's financial statements, which follow.

Financial Highlights

Government-wide Financial Statements

During fiscal year 2011, net assets of the State's primary government increased by $2.64 billion and ended fiscal year 2011 with a balance of $22.84 billion. Net assets of the State's component units increased by $1.38 billion and ended fiscal year 2011 with a balance of $13.80 billion. Additional discussion of the State's government-wide balances and activities, as of and for the year ended June 30, 2011, can be found beginning on page 9.

Fund Financial Statements

Governmental funds reported combined ending fund balances of $10.72 billion that was comprised of $164.9 million in nonspendable, $8.96 billion restricted for specific purposes, $1.19 billion committed, $1.62 billion in assigned and a $1.21 billion deficit in unassigned. Nonspendable includes inventories, noncurrent portion of loans receivables, prepaids, and advances to local governments. The purposes of the restrictions, commitments, and assigned fund balances are primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, community and economic development, capital outlay and debt service. The balances and activities of the State's governmental funds are discussed further beginning on page 13.

As of June 30, 2011, the General Fund's fund balance was approximately $2.22 billion, including $65.1 million in nonspendable, $1.08 billion in restricted fund balance, $671.2 million in committed, $1.62 billion in assigned and a $1.21 billion deficit in unassigned, as detailed in NOTE 17. The General Fund's fund balance increased by $606.9 million (exclusive of a $3.8 million increase in inventories) or 37.6 percent during fiscal year 2011. The balances and activities of the General Fund are discussed further beginning on page 14.

Proprietary funds reported net assets of $4.08 billion, as of June 30, 2011, an increase of $1.97 billion since June 30, 2010. This increase is largely due to the net increase of $1.95 billion in the Workers' Compensation Fund. The balances and activities of the proprietary funds are discussed further beginning on page 15.

Capital Assets

The carrying amount of capital assets for the State's primary government increased to $25.72 billion at June 30, 2011. The majority of the $389.5 million increase during fiscal year 2011 was the acquisition of land and highway network infrastructure. Further discussion of the State's capital assets can be found beginning on page 16.

Long-Term Debt — Bonds and Notes Payable and Certificates of Participation Obligations

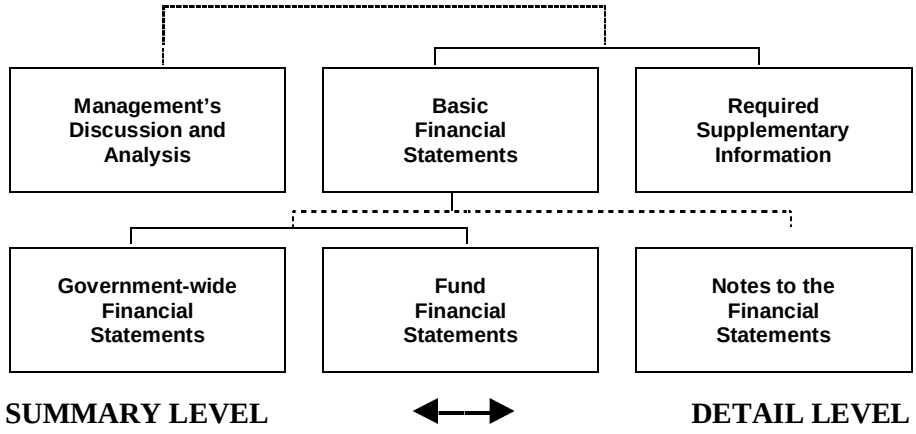
Overall, the carrying amount of total long-term debt for the State's primary government increased $679.6 million or four percent during fiscal year 2011 and reported an ending balance of $17.52 billion. During the year, the State issued, at par, $1.16 billion in general obligation bonds, $358 million in revenue bonds, and $356.2 million in special obligation bonds. Of the general obligation bonds and special obligation bonds issued, at par, $301.6 million and $243.2 million, respectively, were refunding bonds. Additional discussion of the State's bonds and certificates of participation can be found beginning on page 18.

Overview of the Financial Statements

This annual report consists of management's discussion and analysis, basic financial statements, including the accompanying notes to the financial statements, required supplementary information, and combining statements for the nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component unit funds. The basic financial statements are comprised of the government-wide financial statements and fund financial statements.

Figure 1 below illustrates how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, as explained later, this report includes an optional section that contains combining statements that provide details about the State's nonmajor governmental and proprietary funds and discretely presented component units.

Figure 1
Required Components of the
State of Ohio's Annual Financial Report



The Government-wide Financial Statements provide financial information about the State as a whole, including its component units.

The Fund Financial Statements focus on the State's operations in more detail than the government-wide financial statements. The financial statements presented for governmental funds report on the State's general government services. Proprietary fund statements report on the activities that the State operates like private-sector businesses. Fiduciary fund statements provide information about the financial relationships in which the State acts solely as a trustee or agent for the benefit of others outside of the government, to whom the resources belong.

Following the fund financial statements, the State includes financial statements for its major component units within the basic financial statements section. Nonmajor component units are also presented in aggregation under a single column in the component unit financial statements.

The basic financial statements section includes notes that more fully explain the information in the government-wide and fund financial statements; the notes provide more detailed data that are essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found on pages 52 through 145 of this report.

In addition to the basic financial statements and accompanying notes, a section of required supplementary information further discusses the assessed condition and estimated and actual maintenance and preservation costs of the state's highway and bridge infrastructure assets that are reported using the modified approach. Limited in application to a government's infrastructure assets, the modified approach provides an alternative to the traditional recognition of depreciation expense. Required supplementary information can be found on pages 147 through 150 of this report.

Figure 2 on the following page summarizes the major features of the State's financial statements.

Figure 2
Major Features of the State of Ohio's Government-wide and Fund Financial Statements

		Fund Statements		
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as general government, transportation, justice and public protection, etc.	Activities the State operates similar to private businesses, such as the workers' compensation insurance program, lottery, tuition credit program	Instances in which the State is the trustee or agent for someone else's resources
Required Financial Statements	• Statement of Net Assets • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Net Assets • Statement of Revenues, Expenses and Changes in Fund Net Assets • Statement of Cash Flows	• Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. For these statements, the State applies accounting methods similar to those used by private-sector companies; that is, the State follows the accrual basis of accounting and the economic resources focus when preparing the government-wide financial statements. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of the timing of related cash inflows or outflows.

The two government-wide financial statements report the State's net assets and how they have changed. Net assets — the difference between the State's assets/net outflows of resources and liabilities/net inflows of resources — is one way to measure the State's financial health, or position. Over time, increases or decreases in the State's net assets indicate whether its financial health has improved or deteriorated, respectively. However, a reader should consider additional nonfinancial factors, such as changes in the State's economic indicators and the condition of the State's highway system, when assessing the State's overall financial status.

The State's government-wide financial statements, which can be found on pages 22 through 25 of this report, are divided into three categories as follows.

Governmental Activities — Most of the State's basic services are reported under this category, such as primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, and community and economic development. Taxes, federal grants, charges for services, including license, permit, and other fee income, fines, and forfeitures, and restricted investment income finance most of these activities.

Business-type Activities — The State charges fees to customers to help cover the costs of certain services it provides. The State reports the following programs and activities as business-type: workers' compensation insurance program, lottery operations, unemployment compensation program, the leasing and maintenance operations of the Ohio Building Authority, guaranteed college tuition credit program, liquor control operations, underground

parking garage operations at the statehouse, and the Auditor of State's governmental auditing and accounting services.

Component Units — The State presents the financial activities of the School Facilities Commission, Cultural Facilities Commission, eTech Ohio Commission, Ohio Water Development Authority, Ohio Air Quality Development Authority, the Ohio Capital Fund, and 22 state-assisted colleges and universities as discretely presented component units under a separate column in the government-wide financial statements. The Buckeye Tobacco Settlement Financing Authority and the Ohio Building Authority are presented as blended component units with their activities blended and included under governmental and business-type activities, respectively. Although legally separate, the State is financially accountable for its component units, as is further explained in NOTE 1A. to the financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds — not the State as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. State law and bond covenants mandate the use of some funds. The Ohio General Assembly establishes other funds to control and manage money for particular purposes or to show that the State is properly using certain taxes and grants. The State employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State has three kinds of funds — governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds — Most of the State's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out (i.e., near-term inflows and outflows of spendable resources) and the balances remaining at year-end that are available for spending (i.e., balances of spendable resources). Consequently, the governmental fund financial statements provide a detailed short-term view that helps the financial statement reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The State prepares the governmental fund financial statements applying the modified accrual basis of accounting and a current financial resources focus. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation schedule, which follows each of the governmental fund financial statements, explains the relationship (or differences) between them.

The State's governmental funds include the General Fund and 10 special revenue funds, 25 debt service funds, and 11 capital projects funds. Under separate columns, information is presented in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Job, Family and Other Human Services Special Revenue Fund, and the Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund, all of which are considered major funds. Data from the other 44 governmental funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic governmental fund financial statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

For budgeted governmental funds, the State also presents budgetary comparison statements and schedules in the basic financial statements and combining statements, respectively, to demonstrate compliance with the appropriated budget. The State's budgetary process is explained further in NOTE 1D. to the financial statements.

The basic governmental fund financial statements can be found on pages 26 through 35 of this report while the combining fund statements and schedules can be found on pages 153 through 214.

Proprietary Funds — Services for which the State charges customers a fee are generally reported in proprietary funds. Financial statements for the proprietary funds, which are classified as enterprise funds, provide both long- and short-term financial information. Like the government-wide financial statements, the State prepares the proprietary fund financial statements for its eight enterprise funds applying the accrual basis of accounting and an economic resources focus.

Under separate columns, information is presented in the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows for the Workers' Compensation, Lottery Commission, and Unemployment Compensation enterprise funds, all of which are considered to be major funds. Data from the other five enterprise funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic proprietary fund financial statements. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The enterprise funds are the same as the State's business-type activities reported in the government-wide financial statements, but the proprietary fund financial statements provide more detail and additional information, such as information on cash flows. The basic proprietary fund financial statements can be found on pages 36 through 43 of this report while the combining fund statements can be found on pages 215 through 223.

Fiduciary Funds — The State is the trustee, or fiduciary, for assets that — because of a trust arrangement — can only be used for the trust beneficiaries. The State is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the State's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The State excludes the State Highway Patrol Retirement System Pension Trust Fund, Variable College Savings Plan Private-Purpose Trust Fund, STAR Ohio Investment Trust Fund, and the agency funds from its government-wide financial statements because the State cannot use these assets to finance its operations. The basic fiduciary fund financial statements can be found on pages 44 through 47 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets. During fiscal year 2011, as shown in the table below, the combined net assets of the State's primary government increased $2.64 billion or 13.1 percent. Net assets reported for governmental activities increased $668.2 million or 3.7 percent and business-type activities increased $1.97 billion, or 93.8 percent. Condensed financial information derived from the Statement of Net Assets for the primary government follows.

Primary Government
Statement of Net Assets
As of June 30, 2011
With Comparatives as of June 30, 2010
(dollars in thousands)

	As of June 30, 2011			As of June 30, 2010		
	Govern-mental Activities	Business-Type Activities	Total Primary Government	Govern-mental Activities	Business-Type Activities	Total Primary Government
Assets and Deferred Outflows of Resources:						
Current Assets and Other Noncurrent Assets	$ 18,125,869	$ 27,813,243	$ 45,939,112	$ 17,955,313	$ 25,718,770	$ 43,674,083
Capital assets	25,559,678	160,302	25,719,980	25,148,054	182,446	25,330,500
Total Assets	43,685,547	27,973,545	71,659,092	43,103,367	25,901,216	69,004,583
Total Deferred Outflows of Resources	36,708	-	36,708	42,770	-	42,770
Liabilities						
Current and Other Liabilities	6,659,174	145,688	6,804,862	7,550,457	89,187	7,639,644
Noncurrent Liabilities	18,298,713	23,748,969	42,047,682	17,499,511	23,707,252	41,206,763
Total Liabilities	24,957,887	23,894,657	48,852,544	25,049,968	23,796,439	48,846,407
Net Assets:						
Invested in Capital Assets, Net of Related Debt	23,157,156	54,430	23,211,586	22,578,727	51,578	22,630,305
Restricted	3,856,555	5,844,952	9,701,507	2,902,122	86,616	2,988,738
Unrestricted	(8,249,343)	(1,820,494)	(10,069,837)	(7,384,680)	1,966,583	(5,418,097)
Total Net Assets	$ 18,764,368	$ 4,078,888	$ 22,843,256	$ 18,096,169	$ 2,104,777	$ 20,200,946

As of June 30, 2011, the primary government's investment in capital assets (i.e., land, buildings, land improvements, machinery and equipment, vehicles, infrastructure, and construction-in-progress), less related outstanding debt, was $23.21 billion. Restricted net assets were approximately $9.70 billion, resulting in a $10.07 billion deficit. Net assets are restricted when constraints on their use are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) legally imposed through constitutional or enabling legislation. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide Statement of Net Assets reflects a $8.25 billion deficit for unrestricted governmental activities. The State of Ohio, like many other state governments, issues general and special obligation debt, the proceeds of which benefit local governments and component units. The proceeds are used to build facilities for public-assisted colleges and universities and local school districts and finance infrastructure improvements for local governments. The policy of selling general obligation and special obligation bonds for these purposes has been the practice for many years. Of the $10.13 billion of outstanding general obligation and special obligation debt at June 30, 2011, $7.15 billion is attributable to debt issued for state assistance to component units (School Facilities Commission, Cultural Facilities Commission, and the colleges and universities) and local governments. The balance sheets of component unit and local government recipients reflect ownership of the related constructed capital assets without the burden of recording the debt. Unspent proceeds related to these bond issuances are included on the Statement of Net Assets as restricted net assets. By issuing such debt, the State is left to reflect significant liabilities without the benefit of recording the capital assets constructed with the proceeds from the debt issuances.

Additionally, as of June 30, 2011, the State's governmental activities have significant unfunded liabilities for compensated absences in the amount of $464.1 million (see NOTE 14A.) and a $708.2 million interfund payable due to the workers' compensation component of business-type activities for the State's workers' compensation liability (see NOTE 7A.). These unfunded liabilities also contribute to the reported deficit for governmental activities.

Condensed financial information derived from the Statement of Activities, which reports how the net assets of the State's primary government changed during fiscal years 2011 and 2010, follows.

Primary Government
Statement of Activities
For the Fiscal Year Ended June 30, 2011
With Comparatives for the Fiscal Year Ended June 30, 2010
(dollars in thousands)

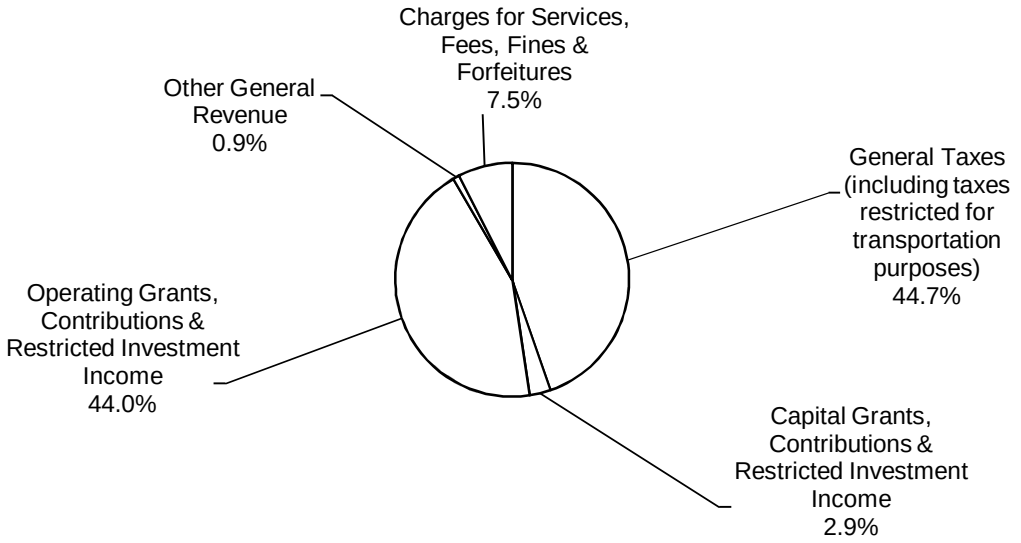
	Fiscal Year 2011			Fiscal Year 2010		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Revenue:						
Charges for Services, Fees, Fines and Forfeitures	$ 3,776,993	$ 6,957,195	$ 10,734,188	$ 4,114,638	$ 6,722,648	$ 10,837,286
Operating Grants, Contributions and Restricted Investment Income/(Loss)	22,041,872	5,002,794	27,044,666	20,839,250	5,403,784	26,243,034
Capital Grants, Contributions and Restricted Investment Income/(Loss)	1,465,484	-	1,465,484	1,241,422	-	1,241,422
Total Program Revenues	27,284,349	11,959,989	39,244,338	26,195,310	12,126,432	38,321,742
General Revenues:						
General Taxes	20,626,711	-	20,626,711	18,941,470	-	18,941,470
Taxes Restricted for Transportation	1,759,421	-	1,759,421	1,766,204	-	1,766,204
Tobacco Settlement	334,665	-	334,665	336,259	-	336,259
Escheat Property	101,289	-	101,289	160,755	-	160,755
Unrestricted Investment Income	2,688	1,184	3,872	(52,677)	-	(52,677)
Other	1,323	-	1,323	592	48	640
Total General Revenues	22,826,097	1,184	22,827,281	21,152,603	48	21,152,651
Total Revenue	50,110,446	11,961,173	62,071,619	47,347,913	12,126,480	59,474,393
Expenses:						
Primary, Secondary and Other Education	12,126,435	-	12,126,435	12,259,233	-	12,259,233
Higher Education Support	2,726,016	-	2,726,016	2,771,611	-	2,771,611
Public Assistance and Medicaid	20,111,691	-	20,111,691	18,828,082	-	18,828,082
Health and Human Services	4,295,483	-	4,295,483	4,003,033	-	4,003,033
Justice and Public Protection	3,184,345	-	3,184,345	3,077,704	-	3,077,704
Environmental Protection and Natural Resources	350,870	-	350,870	416,071	-	416,071
Transportation	2,186,332	-	2,186,332	2,187,406	-	2,187,406
General Government	792,728	-	792,728	620,090	-	620,090
Community and Economic Development	4,479,010		4,479,010	4,491,643		4,491,643
Interest on Long-Term Debt (excludes interest charged as program expense)	134,888	-	134,888	133,335	-	133,335
Workers' Compensation	-	2,354,296	2,354,296	-	2,861,222	2,861,222
Lottery Commission	-	1,911,105	1,911,105	-	1,816,213	1,816,213
Unemployment Compensation	-	4,094,207	4,094,207	-	5,605,830	5,605,830
Ohio Building Authority	-	22,076	22,076	-	22,492	22,492
Tuition Trust Authority	-	79,671	79,671	-	81,119	81,119
Liquor Control	-	507,800	507,800	-	489,087	489,087
Underground Parking Garage	-	3,171	3,171	-	3,755	3,755
Office of Auditor of State	-	69,185	69,185	-	70,637	70,637
Total Expenses	50,387,798	9,041,511	59,429,309	48,788,208	10,950,355	59,738,563
Surplus/(Deficiency) Before Transfers	(277,352)	2,919,662	2,642,310	(1,440,295)	1,176,125	(264,170)
Transfers - Internal Activities	945,551	(945,551)	-	978,327	(978,327)	-
Change In Net Assets	668,199	1,974,111	2,642,310	(461,968)	197,798	(264,170)
Net Assets, July 1	18,096,169	2,104,777	20,200,946	18,558,137	1,906,979	20,465,116
Net Assets, June 30	$ 18,764,368	$ 4,078,888	$ 22,843,256	$ 18,096,169	$ 2,104,777	$ 20,200,946

Governmental Activities

Expenses exceeded revenues during fiscal year 2011 for governmental activities. When combined with transfers from the State's business-type activities, net assets for governmental activities increased from $18.10 billion, at July 1, 2010, to $18.76 billion, at June 30, 2011, or $668.2 million. Revenues for fiscal year 2011 in the amount of $50.11 billion were 5.8 percent higher than those reported for fiscal year 2010. General taxes (including taxes restricted for transportation purposes) comprised 44.7 percent of fiscal year 2011 total revenues and increased by 8.1 percent compared to fiscal year 2010. Operating grants, contributions and restricted investment income, making up 44 percent of total revenue, increased by 5.8 percent compared to fiscal year 2010. Fiscal year 2011 net transfers of $945.6 million, decreased by 3.4 percent over fiscal year 2010. Reported expenses of $50.39 billion represented an increase of 3.3 percent compared to fiscal year 2010.

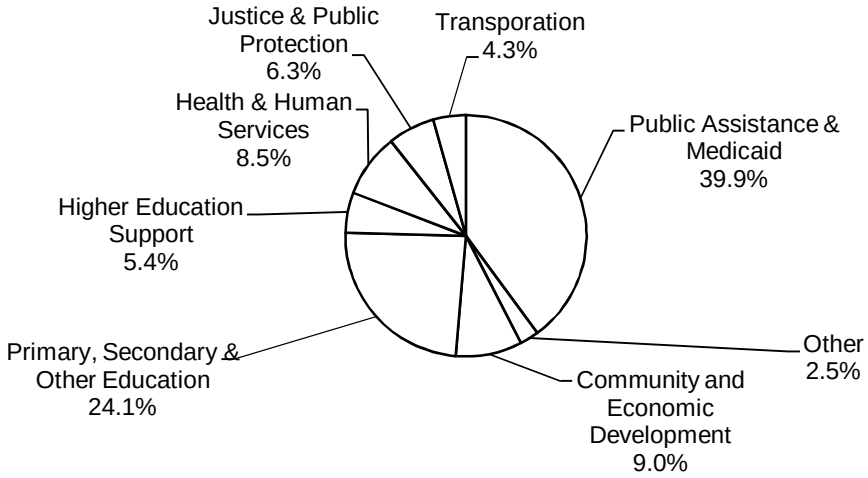
The following charts illustrate revenue by sources and expenses by program of governmental activities as percentages of total revenues and program expenses, respectively, reported for the fiscal year ended June 30, 2011.

Governmental Activities — Sources of Revenue
Fiscal Year 2011


Charges for Services, Fees, Fines & Forfeitures 7.5%
Other General Revenue 0.9%
General Taxes (including taxes restricted for transportation purposes) 44.7%
Operating Grants, Contributions & Restricted Investment Income 44.0%
Capital Grants, Contributions & Restricted Investment Income 2.9%

Total FY 11 Revenue for Governmental Activities = $50.11 Billion

Governmental Activities — Expenses by Program
Fiscal Year 2011


Justice & Public Protection 6.3%
Transporation 4.3%
Health & Human Services 8.5%
Public Assistance & Medicaid 39.9%
Higher Education Support 5.4%
Primary, Secondary & Other Education 24.1%
Other 2.5%
Community and Economic Development 9.0%

Total FY 11 Program Expenses for Governmental Activities = $50.39 Billion

The following tables present the total expenses and net cost of each of the State's governmental programs for the fiscal years ended June 30, 2011 and 2010. The net cost (total program expenses less revenues generated by the program) represents the financial burden that was placed on the State's taxpayers by each of these programs; costs not covered by program revenues are essentially funded with the State's general revenues, which are primarily comprised of taxes, tobacco settlement revenue, escheat property, and unrestricted investment income.

Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Year Ended June 30, 2011
With Comparatives for the Fiscal Year Ended June 30, 2010
(dollars in thousands)

	For the Fiscal Year Ended June 30, 2011			
Program	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses—All Programs
Primary, Secondary and Other Education	$ 12,126,435	$ 9,297,999	76.7%	18.5%
Higher Education Support	2,726,016	2,407,828	88.3%	4.8%
Public Assistance and Medicaid	20,111,691	3,991,432	19.8%	7.9%
Health and Human Services	4,295,483	1,214,661	28.3%	2.4%
Justice and Public Protection	3,184,345	1,632,939	51.3%	3.2%
Environmental Protection and Natural Resources	350,870	46,697	13.3%	0.1%
Transportation	2,186,332	552,843	25.3%	1.1%
General Government	792,728	407,420	51.4%	0.8%
Community and Economic Development	4,479,010	3,416,742	76.3%	6.8%
Interest on Long-Term Debt	134,888	134,888	100.0%	0.3%
Total Governmental Activities	$ 50,387,798	$ 23,103,449	45.9%	45.9%

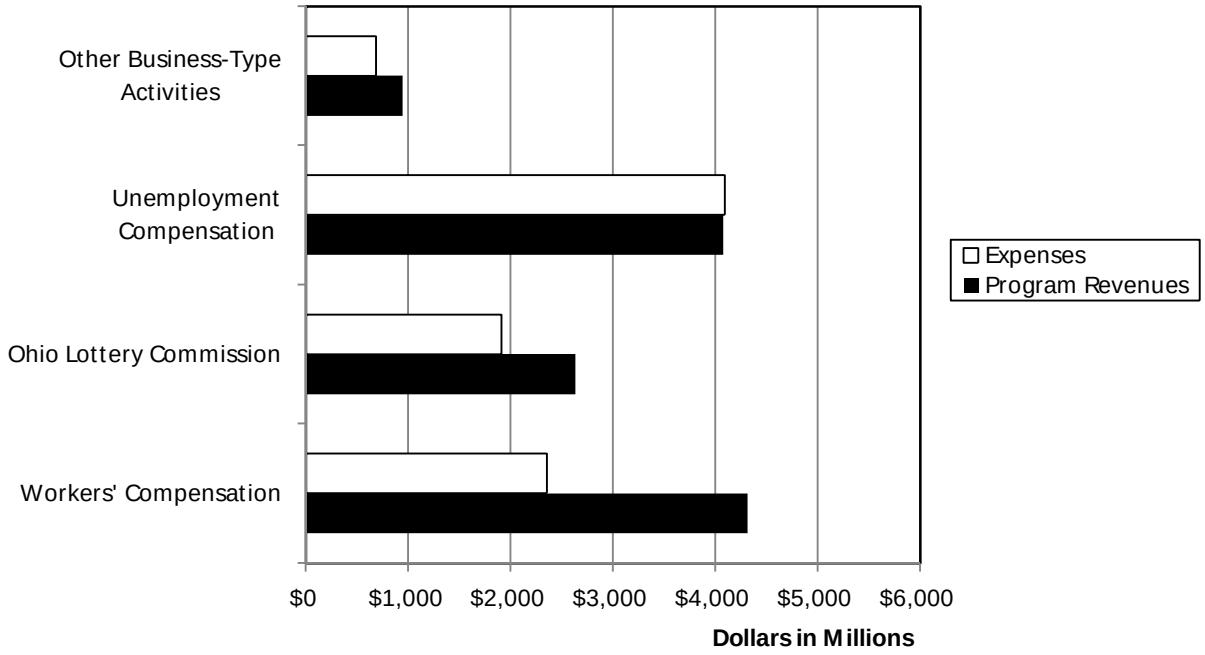
	For the Fiscal Year Ended June 30, 2010			
Program	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses—All Programs
Primary, Secondary and Other Education	$ 12,259,233	$ 9,644,102	78.7%	19.8%
Higher Education Support	2,771,611	2,444,828	88.2%	5.0%
Public Assistance and Medicaid	18,828,082	3,244,917	17.2%	6.6%
Health and Human Services	4,003,033	1,010,549	25.2%	2.1%
Justice and Public Protection	3,077,704	1,766,797	57.4%	3.6%
Environmental Protection and Natural Resources	416,071	132,047	31.7%	0.3%
Transportation	2,187,406	788,974	36.1%	1.6%
General Government	620,090	(87,254)	-14.1%	-0.2%
Community and Economic Development	4,491,643	3,514,603	78.2%	7.2%
Interest on Long-Term Debt	133,335	133,335	100.0%	0.3%
Total Governmental Activities	$ 48,788,208	$ 22,592,898	46.3%	46.3%

Business-Type Activities

The State's enterprise funds reported net assets of $4.08 billion, as of June 30, 2011, as compared to $2.10 billion in net assets, as of June 30, 2010, an increase of 93.8 percent. The primary increase in net assets for the business-type activities was the Workers' Compensation Fund, which reported net assets of $5.77 billion, as of June 30, 2011, as compared to $3.83 billion, as of June 30, 2010, a $1.94 billion increase. The Unemployment Compensation Fund and the Lottery Commission, however, reported decreases in net assets during fiscal year 2011. The Lottery Commission Fund reported net assets of $150.7 million, as of June 30, 2011, as compared to $168.6 million, as of June 30, 2010, a $17.9 million decrease. The net assets in the Unemployment Compensation Fund decreased $21.3 million from $(1.91) billion, as of June 30, 2010, to $(1.93) billion, as of June 30, 2011.

The chart below compares program expenses and program revenues for business-type activities.

Business-Type Activities — Expenses and Program Revenues
Fiscal Year 2011



Additional analysis of the Business-Type Activities' revenues and expenses is included with the discussion of the Proprietary Funds beginning on page 15.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds reported the following results, as of and for the fiscal years ended June 30, 2011 and June 30, 2010 (dollars in thousands). During the implementation of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the State reclassified funds within the governmental funds categories. The fiscal year 2010 amounts in the following table have not been restated for the effects of GASB Statement No. 54.

	As of and for the Fiscal Year Ended June 30, 2011			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance	$(1,208,029)	$0	$(25)	$(1,208,054)
Total Fund Balance	2,223,608	5,638,892	2,860,682	10,723,182
Total Revenues	30,914,677	9,860,521	9,202,236	49,977,434
Total Expenditures	29,837,914	9,880,100	11,537,549	51,255,563

	As of and for the Fiscal Year Ended June 30, 2010			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unreserved/Undesignated Fund Balance	$(141,212)	$(2,633,867)	$(1,159,741)	$(3,934,820)
Total Fund Balance	493,042	6,706,058	2,475,811	9,674,911
Total Revenues	23,948,850	18,907,772	4,444,923	47,301,545
Total Expenditures	23,719,349	19,075,097	6,701,049	49,495,495

General Fund

The main operating fund of the State is the General Fund. During fiscal year 2011, General Fund revenue and expenditures increased by $6.97 billion and $6.12 billion, respectively. Other sources and uses showed a decline of net uses of $44.5 million when compared with fiscal year 2010. The fund balance increased by $606.9 million (exclusive of a $3.8 million increase in inventories) or 37.6 percent.

As a result of the implementation of GASB Statement No. 54, the General Fund is reporting balances and activities for fiscal year 2011 that were previously reported within the special revenue funds. Fiscal year 2010 amounts have not been restated for the effects of this implementation thus creating the substantial increases to revenue and expenditures in the General Fund.

General Fund Budgetary Highlights

The State ended the second year of its 2010-11 biennial budget on June 30, 2011, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of $1.81 billion. Total budgetary sources for the General Fund (including $3.14 billion in transfers from other funds) in the amount of $36.32 billion were above final estimates by $351.9 million or just less than one percent during fiscal year 2011. Total tax receipts were above final estimates by $973.3 million or 4.7 percent.

Total budgetary uses for the General Fund (including $3.34 billion in transfers to other funds) in the amount of $36.94 billion were below final estimates by $2.75 billion or 6.9 percent for fiscal year 2011. There was no budget stabilization designation at June 30, 2010, for use in balancing the final fiscal year 2011 budget.

The appropriations act (Act) for the 2010-11 biennium for the General Revenue Fund (GRF), the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund, was passed by the General Assembly and signed (with selective vetoes) by the Governor on July 17, 2009. Prior to passage of the Act, three, seven-day interim budgets were in effect. The Act provided for total GRF biennial appropriations of approximately $50.5 billion (a 3.8 percent decrease from the 2008-09 biennial expenditures) based on GRF biennial estimated revenues of approximately $51.1 billion (a 4.2 percent decrease from the 2008-09 biennial revenues).

Budget highlights for major program categories compared to 2008-09 actual spending include the following:

- An increase of 3.4 percent for Medicaid (excluding the American Recovery and Reinvestment Act of 2009 referred to below) as well as Medicaid reform and cost containment initiatives.
- A .7 percent increase for corrections and youth services.
- Decreases of 8.3 percent for higher education and 5.15 percent for primary and secondary education.
- A decrease of 13.8 percent for mental health and developmental disabilities.
- Restructuring of $736 million of fiscal years 2010 and 2011 GRF debt service into fiscal years 2012 through 2025.

Major new sources of revenues reflected in the 2010-11 Act include:

- $2.42 billion of funding under the American Recovery and Reinvestment Act of 2009, including $1.46 billion for primary and secondary education, $628 million for Federal Medical Assistance payments, and $326 million for other purposes.
- $933 million in gaming and license revenues from the Ohio Lottery Commission's implementation of video lottery terminals (VLTs) at the seven horse racing tracks in the State. OBM estimated the VLT's would result in an approximate $851 million net increase in revenues for the biennium ($285 million in fiscal year 2010 and $566 million in fiscal year 2011) after taking into account offsetting effects of the VLT's on other Lottery revenues. (In September 2009, the Ohio Supreme Court ruled that the VLT-enabling legislation in the Act was subject to referendum. In March 2010, the Secretary of State notified the committee for the petitioners that a referendum would be placed on the November 2010 ballot but on July 1, 2010, the committee for the petitioners withdrew the referendum from the ballot).
- $259 million from the Ohio Tobacco Use Prevention and Control Foundation Endowment Fund to be deposited into a special State, non-GRF fund, to be used for various health care initiatives. (On August 11, 2009, a trial court ruled in favor of the plaintiff and ordered that these monies remain in that endowment fund and be used for the purpose of reducing tobacco use. The State appealed the ruling and on December 31, 2009, the court of appeals ruled in favor of the State and reversed the trial court's order. The Ohio Supreme Court affirmed court of appeals decision in favor of the State on December 22, 2010).
- $1.04 billion of "one-time" revenues or savings ($640 million in fiscal year 2010 and $396 million in fiscal year 2011), including $364 million from the spend-down of carry-forward balances (that required temporary suspension of the one-half of one percent of GRF revenue the State is required to maintain as an ending fund balance for the 2010-11 biennium); $250 million transferred from Ohio School Facilities Commission funds; $272 million in savings through a two week unpaid "furlough" for State employees during each year of the biennium; $84 million from a reduction in State funding to public libraries; and $65 million from the transfer to the GRF of interest on the proceeds of the State's 2007 tobacco securitization.

- $530 million from transfers to the GRF of unclaimed funds and from other non-GRF funds.

In September 2010, the federal government awarded the State $518.6 million of enhanced Federal Medical Assistance Payments funding (eFMAP). Additionally, $361.2 million was granted to the Ohio school districts for teacher salaries and personnel costs for primary and secondary education (Ed Jobs).

In response to the above referenced September 2009 decision of the Ohio Supreme Court declaring the VLT provisions in the biennial Act subject to referendum, the General Assembly approved, and the Governor signed into law December 2009, legislation keeping personal income tax rates at 2008 levels through tax year 2010. The Ohio Department of Taxation estimated that the measure would result in $844 million of additional State GRF tax revenues in the current biennium.

The Act for the 2010-11 biennium created a six member (three from each of the House and Senate) Budget Planning and Management Commission (BPMC) to "study and make recommendations that are designed to provide relief to the State during the current difficult fiscal and economic period." The BPMC released two reports – one from its three Republican members dated November 30, 2010, and one from its three Democratic members dated December 8, 2010. Both reports contained estimates of "non-recurring" revenues reflected in the 2010-11 budget, as enacted, ranging from $4.89 billion in the GRF to $8.34 billion for all GRF and non-GRF funds. These estimates included the effect of the postponement of the final installment of the personal income tax reduction.

The State ended fiscal year 2011 with a GRF cash balance of $844.5 million and a GRF budgetary fund balance of $430.7 million. In addition to meeting the State's requirement to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2011 GRF revenues, the State deposited $246.9 million into the Budget Stabilization Fund in early fiscal year 2012.

Other Major Governmental Funds

The Job, Family and Other Human Services Fund had a fund balance of $420.5 million at June 30, 2011, an increase of $79.6 million, or 23.4 percent, compared to fiscal year 2010. This increase in fund balance is due to revenues exceeding expenditures by $48.9 million, with other financing sources and uses totaling $72.7 million.

Revenue for Licenses, Permits and Fees decreased $115.2 million, or 11.4 percent, over fiscal year 2010. A reduction to hospital franchise fee rates was made halfway through the biennium due to improving budgets. Federal Government revenue decreased by $569.2 million, or 6.3 percent, over fiscal year 2010 due to the phase out of ARRA stimulus funding.

Public assistance and Medicaid expenditures decreased $700.5 million, or 7.5 percent, compared to the previous fiscal year. This decrease in expenditures was due in part to the reduction in hospital supplemental payments resulting from the reduction of hospital franchise fees. Also contributing to the decrease was the final phase of a managed care tax structure change causing deposits to be shifted to the GRF along with related expenditures. The reduction in ARRA funding also played a role in decreased expenditures from the Job, Family and Other Human Services Fund.

The decrease in net transfers of $14.6 million is the result of the unusually large transfer from the State's Unemployment Compensation Enterprise Fund in fiscal year 2010 that supplemented higher unemployment compensation administrative costs.

The fund balance for the Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund, as of June 30, 2011, totaled approximately $5.22 billion dollars, a decrease of $82.6 million or 1.6 percent since June 30, 2010. Tobacco settlement revenue was $15.1 million less than the amount received for fiscal year 2010. This revenue has been decreasing in recent years due to declining cigarette consumption and due to tobacco companies depositing money into the disputed account, as described in Note 19E. An increase in investment income of $1.9 million and a decrease of $6.3 million in Debt Service expenditures, related to changing debt service requirements for the bonds, somewhat offset the revenue decrease. However, as has been the case for several years, the fund balance continues to decline within this fund as a result of the total expenditures being in excess of revenue collected during the fiscal year.

Proprietary Funds

Major Proprietary Funds

The State's proprietary fund financial statements report the same type of information found in the business-type activities portion of the government-wide financial statements, but in a slightly different format.

For the Workers' Compensation Fund, the $1.94 billion increase in net assets was primarily due to an increase in investment income and a decrease in benefits and claims expenses. For fiscal year 2011, investment income was $2.36 billion compared to $2.05 billion in fiscal year 2010 resulting in a 15.4 percent increase. The investment portfolio earned an unaudited net return of 12.4 percent in fiscal year 2011 compared to 12 percent in fiscal year 2010.

During fiscal year 2011, the benefit and claims expense decreased by $498 million to $2.24 billion but still exceeded revenue of $1.94 billion from premiums and assessments by $303.8 million. The variance of $303.8 million is due to a decrease in revenue from premiums and assessments of $183.2 million and the decrease in benefits and claims expense during fiscal year 2011. The decrease in premium and assessment income is the result of a 3.9 percent reduction to the premium for the majority of Ohio's private employers and a 17 percent reduction for public employer tax districts. In addition, the premium and assessment income was also reduced by $6.1 million in fiscal year 2011 compared to $1.1 million in fiscal year 2010 as a result of securing reinsurance to protect assets in the event of catastrophic events. Benefits and claims expenses decreased due to lower estimates for future medical expenses attributable to lower claims frequencies and a decrease in the medical inflation rate.

For fiscal year 2011, the Lottery Commission Fund reported $721.3 million in net income before transfers of $738.8 million and $335 thousand to the Education and General funds, respectively. The $17.6 million or 10.6 percent decrease in the fund's net assets to $150.7 million, as of June 30, 2011, was predominately due to an adjustment directly related to the investment portfolio. Investment income decreased $43.7 million or 64.5 percent during fiscal year 2011 due to this change.

Ticket sales increased approximately 4.4 percent from $2.49 billion in fiscal year 2010 to $2.6 billion in fiscal year 2011. The Ohio Lottery benefited from a full 12 months of the Keno/ Booster product resulting in an online sales increase of $27 million or 2.4 percent. Prizes expenses were $1.6 billion as of June 30, 2011, compared to $1.51 billion, as of June 30, 2010, an increase of approximately $89.3 million or 5.9 percent. This increase was in proportion to ticket sales.

The $21.3 million decrease in net assets in the Unemployment Compensation Fund is due to the declining economic factors in Ohio. Even though there was a decrease in the unemployment rate in Ohio, it averaged 9.3 percent in fiscal year 2011. Due to the decrease in the unemployment rate from an average of 10.5 percent in fiscal year 2010, the State's benefits and claims expense decreased by $1.51 billion or 27 percent from the previous fiscal year. While the State of Ohio's benefits and claims expense decreased, the State received less money from the federal government. During fiscal year 2011, the State received $2.52 billion from the federal government compared to $3.23 billion in fiscal year 2010 resulting in a 21.9 percent decrease in federal funding. In addition, the expenses were also slightly offset by an increase of $272.1 million in premium and assessment income.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011 and June 30, 2010, the State had invested $25.72 billion and $25.33 billion, respectively, net of accumulated depreciation of $3.11 billion and $2.94 billion, respectively, in a broad range of capital assets, as detailed in the table below.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2011
With Comparatives as of June 30, 2010
(dollars in thousands)

	As of June 30, 2011			As of June 30, 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	$ 2,082,738	$ 11,994	$ 2,094,732	$ 1,972,225	$ 11,994	$ 1,984,219
Buildings	1,779,018	75,039	1,854,057	1,867,937	80,790	1,948,727
Land Improvements	181,204	10	181,214	189,624	11	189,635
Machinery and Equipment	274,472	71,335	345,807	196,188	87,524	283,712
Vehicles	125,927	1,924	127,851	118,412	2,127	120,539
Infrastructure:						
Highway Network:						
General Subsystem	8,544,734	-	8,544,734	8,492,573	-	8,492,573
Priority Subsystem	7,895,454	-	7,895,454	7,654,329	-	7,654,329
Bridge Network	2,937,912	-	2,937,912	2,843,787	-	2,843,787
Parks, Recreation, and Natural Resources System	83,732	-	83,732	67,606	-	67,606
	23,905,191	160,302	24,065,493	23,402,681	182,446	23,585,127
Construction-in-Progress	1,654,487	-	1,654,487	1,745,373	-	1,745,373
Total Capital Assets, Net	$ 25,559,678	$ 160,302	$25,719,980	$ 25,148,054	$182,446	$25,330,500

During fiscal year 2011, the State recognized $346.6 million in annual depreciation expense relative to its governmental capital assets as compared with $314.2 million in annual depreciation expense recognized in fiscal year 2010. The State also recognized $32.7 million in annual depreciation expense relative to its business-type capital assets as compared with $31.3 million in annual depreciation expense recognized in fiscal year 2010.

Additionally, the State completed construction on a variety of projects at various state facilities during fiscal year 2011 totaling approximately $550.5 million, as compared with $639.3 million in the previous fiscal year. The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was 1.5 percent (approximately a 1.6 percent increase for governmental activities and a 12.1 percent decrease for business-type activities). As is further detailed in NOTE 19D. of the notes to the financial statements, the State had $105.8 million in major construction commitments (unrelated to infrastructure), as of June 30, 2011, as compared with the $140.8 million balance reported for June 30, 2010.

Modified Approach

For reporting its highway and bridge infrastructure assets, the State has adopted the use of the modified approach. The modified approach allows a government not to report depreciation expense for eligible infrastructure assets if the government manages the eligible infrastructure assets using an asset management system that possesses certain characteristics and the government can document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level it sets (and discloses). Under the modified approach, the State is required to expense all spending (i.e., preservation and maintenance costs) on infrastructure assets except for additions and improvements. Infrastructure assets accounted for using the modified approach include approximately 42,991 in lane miles of highway (13,059 in lane miles for the priority highway subsystem and 29,932 in lane miles for the general highway subsystem) and approximately 105.7 million square feet of deck area that comprises 14,234 bridges for which the State has the responsibility for ongoing maintenance.

Ohio accounts for its pavement network in two subsystems: Priority, which comprises interstate highways, freeways, and multi-lane portions of the National Highway System, and General, which comprises two-lane routes outside of cities. It is the State's goal to allow no more than 25 percent of the total lane-miles reported for each of the priority and general subsystems, respectively, to be classified with a "poor" condition rating. The most recent condition assessment, completed by the Ohio Department of Transportation for calendar year 2010, indicates that only 2.2 percent and 3.9 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating. For calendar year 2009, only 2 percent and 4.5 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating.

For the bridge network, it is the State's intention to allow no more than 15 percent of the total number of square feet of deck area to be in "fair" or "poor" condition. The most recent condition assessment, completed by the Ohio Department of Transportation for calendar year 2010, indicates that only 3.8 percent and .04 percent of the number of square feet of bridge deck area were considered to be in "fair" and "poor" conditions, respectively. For calendar year 2009, only 3.3 percent and .6 percent of the number of square feet of bridge deck area were considered to be in "fair" and "poor" conditions, respectively.

For fiscal year 2011, total actual maintenance and preservation costs for the priority and general subsystems were $420 million and $342.2 million, respectively, compared to estimated costs of $406.1 million for the priority system and $258.4 million for the general system, while total actual maintenance and preservation costs for the bridge network was $409.7 million compared to estimated costs of $433.6 million. For the previous fiscal year, total actual maintenance and preservation costs for the priority and general subsystems were $394 million and $299.5 million respectively, compared to estimated costs of $357.4 million for the priority system and $209.8 million for the general system, while total actual maintenance and preservation costs for the bridge network was $330.3 million compared to estimated costs of $330.6 million. Overall, the State's costs for actual maintenance and preservation for highway infrastructure assets have exceeded estimates over the past two years due to steadily increasing underlying costs for the materials and labor associated with infrastructure projects.

More detailed information on the State's capital assets can be found in NOTE 8 to the financial statements and in the Required Supplementary Information section of this report.

Debt — Bonds and Notes Payable and Certificates of Participation Obligations

As of June 30, 2011 and June 30, 2010, the State had total debt of approximately $17.52 billion and $16.84 billion, respectively, as shown in the table below.

Bonds and Notes Payable and Certificates of Participation
As of June 30, 2011
With Comparatives as of June 30, 2010
(dollars in thousands)

	As of June 30, 2011			As of June 30, 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds and Notes Payable:						
General Obligation Bonds	$ 7,872,276	$ -	$ 7,872,276	$ 7,343,289	$ -	$ 7,343,289
Revenue Bonds and Notes	7,156,025	47,889	7,203,914	6,891,331	64,200	6,955,531
Special Obligation Bonds	2,260,853	-	2,260,853	2,338,094	-	2,338,094
Certificates of Participation	179,935	-	179,935	200,428	-	200,428
Total Debt	$17,469,089	$47,889	$17,516,978	$16,773,142	$64,200	$16,837,342

The State's general obligation bonds are backed by its full faith and credit. Revenue bonds issued by the State are secured with revenues pledged for the retirement of debt principal and the payment of interest. Special obligation bonds issued by the State and the Ohio Building Authority (OBA), a blended component unit of the State, are supported with lease payments from tenants of facilities constructed with the proceeds from the bond issuances. Under certificate of participation (COPs) financing arrangements, the State is required to make rental payments (subject to appropriations) that approximate interest and principal payments made by trustees to certificate holders.

During fiscal year 2011, the State issued, at par, $1.16 billion in general obligation bonds, $358 million in revenue bonds, and $356.2 million in special obligation bonds. Of the general obligation bonds and special obligation bonds issued, at par, $301.6 million and $243.2 million, respectively, were refunding bonds. The total increase in the State's debt obligations for the current fiscal year, as based on carrying amount, was four percent (a 4.2 percent increase for governmental activities and a 25.4 percent decrease for business-type activities).

Credit Ratings

Ohio's credit ratings for general obligation debt are Aa1 by Moody's Investors Service, Inc. (Moody's) and AA+ by Fitch Inc. (Fitch). Standard & Poor's Ratings Services (S&P) rates the State's general obligation debt as AA+, other than Highway Capital Improvement Obligations, which are rated AAA.

For special obligation bonds, which the Ohio Building Authority and the Treasurer of State issue and General Revenue Fund appropriations secure, Moody's rating is Aa2, Fitch's rating is AA, and S&P's rating is AA.

The State's revenue bonds are rated as follows:

Revenue Bonds	Fitch	Moody's	S&P	Source of State Payment
Governmental Activities:				
Treasurer of State:				
Economic Development	AA-	Aa2	AA	Net Liquor Profits
State Infrastructure Bank	AA-	Aa1	AA	Federal Transportation Grants and Loan Receipts
Revitalization Projects	AA-	Aa3	AA-	Net Liquor Profits
Buckeye Tobacco Settlement Financing Authority (ratings are in a range)	B+ to BBB+	B3 to Aaa	BB- to BBB	Pledged Receipts from the Tobacco Master Settlement Agreement
Business-Type Activities:				
Bureau of Workers' Compensation	AA	Aa3	AA	Workers' Compensation Enterprise Fund

On July 15, 2011, S&P revised its "credit outlook" on the State from "negative" to "stable." A credit outlook is an indication of the pressure on the rating over the near-to-intermediate term and is not a precursor to a rating change.

The ratings and rating outlooks in effect from time to time reflect only the views of the particular rating organization. An explanation of its view of the meaning and significance of its rating or outlook may be obtained from the respective rating agency. Generally, the rating agencies base their rating on submitted information and on their own investigations, studies, and assumptions. There can be no assurance that the ratings or outlooks assigned will continue for any given time. Rating agencies may lower or withdraw a rating at any time, if in its judgment circumstances so warrant.

Limitations on Debt

Section 17 of Article VIII of the Ohio Constitution, approved by Ohio voters in November 1999, establishes an annual debt service "cap" applicable to future issuances of direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, new obligations may not be issued if debt service for any future fiscal year on those new and the then outstanding bonds of those categories would exceed five percent of the total of estimated GRF revenues plus net state lottery proceeds for the fiscal year of issuance.

Those direct obligations of the State include general obligation and special obligation bonds that are paid from the State's GRF, but exclude general obligation debt for Third Frontier Research and Development, development of sites and facilities, and veterans compensation, and general obligation bonds payable from non-GRF funds (such as highway bonds that are paid from highway user receipts). Pursuant to the implementing legislation, the Governor has designated the Director of the Ohio Office of Budget and Management as the State official responsible for making the five percent determinations and certifications. Application of the five percent cap may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly and may be changed by future constitutional amendments.

More detailed information on the State's long-term debt, including changes during the year, can be found in NOTES 10 through 13 and NOTE 15 of the financial statements.

Conditions Expected to Affect Future Operations

Economic Factors

Through October 2011, leading economic indicators continue to show weak but not recession activity both nationally and in Ohio. Following several months of declines in the State's unemployment rate during fiscal year 2011, the unemployment rate in Ohio has increased to 9.1 percent as of October 2011.

Nationally, real gross domestic product (GDP) accelerated in the third quarter of calendar year 2011, rising 2.5 percent and has temporarily quieted concerns about recession. The national labor market picture brightened further in October 2011, as the level of employment increased by 80 thousand jobs and the August and September 2011 gains were revised upward. The national unemployment rate edged down to 9.0 percent, near its level at the beginning of the calendar year.

The 2012-13 Biennial Budget

The Ohio Constitution prohibits the State from borrowing money to fund operating expenditures in the GRF. Therefore, by law, the GRF's budget must be balanced so that appropriations do not exceed available cash receipts and cash balances for the current fiscal year.

The 2012-13 biennial (beginning July 1, 2011) appropriations bill (the Act) was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2011. To address the use of non-recurring funding sources in the prior budget biennium including amounts received under ARRA, the Act includes targeted spending cuts across most State Agencies and major new Medicaid reform and cost containment measures. The Act provides for total GRF biennial appropriations of approximately $55.78 billion, an 11 percent increase from the 2010-11 GRF biennial expenditures, and total GRF revenue of approximately $56.07 billion, a six percent increase from the 2010-11 GRF biennial revenues.

GRF appropriations for major program categories compared to the 2010-11 biennium actual GRF spending reflect increases of 30 percent for Medicaid and three percent for elementary and secondary education; decreases of nine percent for higher education and eight percent for mental health and developmental disabilities; and flat funding for corrections and youth services. The Act also reflects the restructuring of $440 million of fiscal year 2012 GRF debt service into fiscal years 2013 through 2025. Approximately three-quarters of this restructuring was accomplished by the July 28, 2011, Ohio Public Facilities Commission's issuance of $488.8 million in refunding bonds, with the remainder of the restructuring occurring through the September 15, 2011, Ohio Building Authority's issuance of $149.3 million in refunding bonds.

Major new sources of revenues, expenditure savings, and tax law changes reflected in the Act include:

- Transfer of the State's spirituous liquor system to JobsOhio, a nonprofit corporation created to promote economic development, job creation and retention, job training and recruitment of business to the State. As a result of this transfer, the State anticipates receiving a $500 million one-time payment from JobsOhio in fiscal year 2012. The State will forgo annual deposits into the GRF from net liquor profits. For fiscal year 2011, those deposits totaled $153 million. Litigation has been filed that challenges certain aspects of JobsOhio and the law authorizing its creation.
- Sale of six State-owned prison facilities to private operators. These sales were expected to result in a net payment to the GRF of $75 million. On September 1, 2011, the State announced that it is opting to sell only one of the facilities after considering proposals for the sale of five of the facilities. The sale of this facility will accomplish the desired saving for the 2012-13 biennium. Litigation was filed to challenge the au-

thorization in the Act to sell these facilities. On August 31, 2011, the Court ruled in favor of the State. These rulings may be subject to appeal in the future.

- Reductions to the local government fund allocations. Allocations to local governments will be reduced by $111 million in fiscal year 2012 and $340 million in fiscal year 2013. Beginning in fiscal year 2014, allocations will be made by committing a set percent of annual tax revenues deposited into the GRF (beginning with fiscal year 2013 GRF tax revenues).
- Reductions to the public library fund allocations. Allocations to public libraries will be reduced to 95 percent of fiscal year 2011 levels resulting in savings of $52.3 million in fiscal year 2012 and $102.8 million in fiscal year 2013. Beginning in fiscal year 2014, allocations will be made by committing a set percent of annual tax revenues deposited into the GRF (beginning with fiscal year 2013 GRF tax revenues).
- Accelerated phase-out of reimbursement payments, in connection with the elimination of the tangible personal property tax, for local governments and school districts. This will result in an increased share of the commercial activity tax being deposited into the GRF, approximately $293.5 million and $597.7 million for fiscal years 2012 and 2013, respectively.
- Accelerated phase-out of reimbursement payments, in connection with the electric power generation deregulations and natural gas deregulation, for local governments and school districts. This will result in a larger share of kilowatt-hour tax being reallocated to the GRF, approximately $141.6 million and $147.4 million for fiscal years 2012 and 2013, respectively. It will also result in the entire share of natural gas consumption tax being reallocated to the GRF, approximately $66 million in fiscal year 2012 and again in fiscal year 2013.
- Transfer of $235 million to the GRF from unclaimed funds and other non-GRF funds and $12 million to the GRF from a tax amnesty program.
- Implementation of the previously postponed final 4.2 percent annual decrease in State personal income tax rates.
- Elimination of the estate tax beginning January 1, 2013. In fiscal year 2010, estate tax collections totaled $285.8 million, of which $230.8 million was distributed to local governments. The remaining $55 million was deposited into the State's GRF.
- Creation of the InvestOhio income tax credit program under which investors in small businesses based in Ohio who hold their investments for at least two years may receive income tax credits.
- Creation of opportunities for cost savings through changes to the State's construction bidding procedures.

The Act also creates a $130 million Medicaid reserve fund and a $104 million Unemployment Compensation Contingency Fund. The Unemployment Compensation Contingency Fund will be used to pay interest on federal advances to the State Unemployment Compensation Fund.

General Revenue Fund

For fiscal year 2012, total fiscal year-to-date GRF receipts through October 2011 are $12.5 million below estimates but $196.8 million higher than collections through October of the prior fiscal year. Total fiscal year-to-date GRF disbursements through October 2011 are $268.9 million below estimates for the first four months of fiscal year 2012 and $181.6 million above expenditures for the first four months of the prior fiscal year. As of October 2011, receipts are within less than a percent of budget estimates and disbursements are within three percent of budget estimates for fiscal year 2012. Fiscal year 2012 receipts are 2.3 percent ahead of receipts for the first four months of fiscal year 2011. Disbursements for fiscal year 2012 are 1.8 percent above disbursements for the same time period of fiscal year 2011.

Unemployment Compensation Fund

Due to the declining revenues and rising unemployment claims resulting from the challenging economic climate, the State has sought federal assistance in meeting its unemployment benefit costs. In accordance with Title XII of the Social Security Act, the State has drawn repayable advances in the Unemployment Trust Fund of $2.31 billion from the Federal Unemployment Account to cover the insufficient State funds for benefit claims during fiscal years 2009 and 2010. The State began accruing interest on the repayable advances balances on January 1, 2011, and made its first interest payment in September 2011 for $70.7 million. Another interest payment is due in October 2012 and is estimated at $90 million.

Contacting the Ohio Office of Budget and Management

This financial report is designed to provide the State's citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Ohio Office of Budget and Management, Financial Reporting Section, 30 East Broad Street, 34th Floor, Columbus, Ohio 43215-3457 or by e-mail at obm@obm.state.oh.us.

BASIC FINANCIAL STATEMENTS

STATE OF OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2011
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash Equity with Treasurer	$ 6,384,503	$ 100,718	$ 6,485,221	$ 479,337
Cash and Cash Equivalents	137,035	360,266	497,301	1,490,982
Investments	632,478	20,799,622	21,432,100	7,181,416
Collateral on Lent Securities	1,366,763	19,641	1,386,404	33,118
Deposit with Federal Government	—	638,977	638,977	—
Taxes Receivable	1,396,841	—	1,396,841	—
Intergovernmental Receivable	1,604,771	10,338	1,615,109	64,079
Premiums and Assessments Receivable	—	3,885,693	3,885,693	—
Investment Trade Receivable	—	87,889	87,889	—
Loans Receivable, Net	1,166,547	—	1,166,547	327,230
Receivable from Primary Government	—	—	—	48,923
Receivable from Component Units	3,826,687	—	3,826,687	—
Other Receivables	608,789	349,802	958,591	1,129,395
Inventories	90,857	38,533	129,390	63,841
Other Assets	108,483	27,799	136,282	703,729
Restricted Assets:				
Cash Equity with Treasurer	—	59	59	—
Cash and Cash Equivalents	319,771	24	319,795	985,148
Investments	199,260	1,253,969	1,453,229	2,480,055
Collateral on Lent Securities	—	237,300	237,300	—
Intergovernmental Receivable	—	—	—	1
Loans Receivable, Net	—	—	—	4,310,523
Other Receivables	283,084	2,613	285,697	—
Capital Assets Being Depreciated, Net	2,382,116	148,308	2,530,424	8,989,838
Capital Assets Not Being Depreciated	23,177,562	11,994	23,189,556	1,491,235
TOTAL ASSETS	**43,685,547**	**27,973,545**	**71,659,092**	**29,778,850**
Deferred Outflows of Resources	36,708	—	36,708	2,746
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**43,722,255**	**27,973,545**	**71,695,800**	**29,781,596**
LIABILITIES:				
Accounts Payable	607,392	44,185	651,577	550,030
Accrued Liabilities	363,103	5,125	368,228	548,023
Medicaid Claims Payable	1,053,411	—	1,053,411	—
Obligations Under Securities Lending	1,366,763	256,941	1,623,704	33,118
Investment Trade Payable	—	174,122	174,122	—
Intergovernmental Payable	1,440,861	297,323	1,738,184	6,944
Internal Balances	715,572	(715,572)	—	—
Payable to Primary Government	—	—	—	3,826,687
Payable to Component Units	48,923	—	48,923	—
Unearned Revenue	361,623	2,661	364,284	458,183
Benefits Payable	—	1,658	1,658	—
Refund and Other Liabilities	701,526	79,245	780,771	83,507
Liability for Escheat Property	—	—	—	—
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year	1,149,503	15,890	1,165,393	933,167
Due in More Than One Year	16,139,651	31,999	16,171,650	7,726,332
Certificates of Participation:				
Due in One Year	22,255	—	22,255	465
Due in More Than One Year	157,680	—	157,680	3,335
Other Noncurrent Liabilities:				
Due in One Year	145,785	2,462,198	2,607,983	736,209
Due in More Than One Year	683,839	21,238,882	21,922,721	1,071,846
TOTAL LIABILITIES	**24,957,887**	**23,894,657**	**48,852,544**	**15,977,846**

The notes to the financial statements are an integral part of this statement.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET ASSETS:				
Invested in Capital Assets,				
Net of Related Debt	23,157,156	54,430	23,211,586	5,822,565
Restricted for:				
Primary, Secondary and Other Education	99,169	—	99,169	—
Higher Education Support	5,936	—	5,936	—
Public Assistance and Medicaid	492,122	—	492,122	—
Health and Human Services	107,431	—	107,431	—
Justice and Public Protection	86,822	—	86,822	—
Environmental Protection and Natural Resources	140,229	—	140,229	5,340
Transportation	2,439,080	—	2,439,080	—
General Government	82,615	—	82,615	—
Community and Economic Development	403,151	—	403,151	3,086,842
Deferred Lottery Prizes	—	77,142	77,142	—
Workers Compensation	—	5,728,951	5,728,951	—
Ohio Building Authority	—	27,021	27,021	—
Tuition Trust Authority	—	11,838	11,838	—
Nonexpendable for				
Colleges and Universities	—	—	—	3,288,448
Expendable for				
Colleges and Universities	—	—	—	2,151,480
Unrestricted	(8,249,343)	(1,820,494)	(10,069,837)	(550,925)
TOTAL NET ASSETS	**$ 18,764,368**	**$ 4,078,888**	**$ 22,843,256**	**$ 13,803,750**

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES, FEES, FINES AND FORFEITURES	PROGRAM REVENUES: OPERATING GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	PROGRAM REVENUES: CAPITAL GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	NET (EXPENSE) REVENUE
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
Primary, Secondary and Other Education	$ 12,126,435	$ 33,362	$ 2,795,074	$ —	$ (9,297,999)
Higher Education Support	2,726,016	541	317,647	—	(2,407,828)
Public Assistance and Medicaid	20,111,691	1,045,698	15,074,561	—	(3,991,432)
Health and Human Services	4,295,483	347,395	2,733,427	—	(1,214,661)
Justice and Public Protection	3,184,345	1,163,286	388,044	76	(1,632,939)
Environmental Protection and Natural Resources	350,870	227,580	76,521	72	(46,697)
Transportation	2,186,332	113,581	54,914	1,464,994	(552,843)
General Government	792,728	341,275	43,691	342	(407,420)
Community and Economic Development	4,479,010	504,275	557,993	—	(3,416,742)
Interest on Long-Term Debt (excludes interest charged as program expense)	134,888	—	—	—	(134,888)
TOTAL GOVERNMENTAL ACTIVITIES	**50,387,798**	**3,776,993**	**22,041,872**	**1,465,484**	**(23,103,449)**
BUSINESS-TYPE ACTIVITIES:					
Workers' Compensation	2,354,296	1,950,169	2,364,359	—	1,960,232
Lottery Commission	1,911,105	2,608,235	24,133	—	721,263
Unemployment Compensation	4,094,207	1,587,385	2,486,300	—	(20,522)
Ohio Building Authority	22,076	24,290	10	—	2,224
Tuition Trust Authority	79,671	9,979	127,990	—	58,298
Liquor Control	507,800	733,573	—	—	225,773
Underground Parking Garage	3,171	3,176	2	—	7
Office of Auditor of State	69,185	40,388	—	—	(28,797)
TOTAL BUSINESS-TYPE ACTIVITIES	**9,041,511**	**6,957,195**	**5,002,794**	**—**	**2,918,478**
TOTAL PRIMARY GOVERNMENT	**$ 59,429,309**	**$ 10,734,188**	**$ 27,044,666**	**$ 1,465,484**	**$ (20,184,971)**
COMPONENT UNITS:					
School Facilities Commission	$ 373,644	$ 3,470	$ 5,330	$ —	$ (364,844)
Ohio Water Development Authority	352,365	146,284	300,242	—	94,161
Ohio State University	4,539,202	3,301,619	833,569	16,398	(387,616)
University of Cincinnati	1,324,594	782,690	313,660	796	(227,448)
Other Component Units	5,184,834	3,176,869	1,098,861	88,639	(820,465)
TOTAL COMPONENT UNITS	**$ 11,774,639**	**$ 7,410,932**	**$ 2,551,662**	**$ 105,833**	**$ (1,706,212)**

The notes to the financial statements are an integral part of this statement.

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
CHANGES IN NET ASSETS:				
Net (Expense) Revenue	$ (23,103,449)	$ 2,918,478	$ (20,184,971)	$ (1,706,212)
General Revenues:				
Taxes:				
Income	8,815,468	—	8,815,468	—
Sales	7,793,045	—	7,793,045	—
Corporate and Public Utility	2,462,681	—	2,462,681	—
Cigarette	855,610	—	855,610	—
Other	699,907	—	699,907	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes	1,759,421	—	1,759,421	—
Total Taxes	22,386,132	—	22,386,132	—
Tobacco Settlement	334,665	—	334,665	—
Escheat Property	101,289	—	101,289	—
Unrestricted Investment Income	2,688	1,184	3,872	948,633
State Assistance	—	—	—	1,963,546
Other	1,323	—	1,323	106,666
Additions to Endowments and Permanent Fund Principal	—	—	—	64,068
Transfers-Internal Activities	945,551	(945,551)	—	—
TOTAL GENERAL REVENUES, CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS	**23,771,648**	**(944,367)**	**22,827,281**	**3,082,913**
CHANGE IN NET ASSETS	**668,199**	**1,974,111**	**2,642,310**	**1,376,701**
NET ASSETS, JULY 1 (as restated)	18,096,169	2,104,777	20,200,946	12,427,049
NET ASSETS, JUNE 30	**$ 18,764,368**	**$ 4,078,888**	**$ 22,843,256**	**$ 13,803,750**

STATE OF OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
ASSETS:			
Cash Equity with Treasurer	$ 3,015,411	$ 348,950	$ —
Cash and Cash Equivalents	89,186	2,539	319,771
Investments	533,459	—	199,260
Collateral on Lent Securities	646,977	74,553	—
Taxes Receivable	1,329,097	—	—
Intergovernmental Receivable	658,187	325,719	—
Loans Receivable, Net	1,061,252	—	—
Interfund Receivable	108,246	—	872,671
Receivable from Component Units	—	—	3,826,687
Other Receivables	133,840	381,717	283,084
Inventories	32,885	—	—
Other Assets	16,230	2,270	—
TOTAL ASSETS	**$ 7,624,770**	**$ 1,135,748**	**$ 5,501,473**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 168,544	$ 163,198	$ —
Accrued Liabilities	113,718	16,491	—
Medicaid Claims Payable	889,747	733	—
Obligations Under Securities Lending	646,977	74,553	—
Intergovernmental Payable	1,039,154	99,107	—
Interfund Payable	1,496,764	13,798	—
Payable to Component Units	30,779	9,679	—
Deferred Revenue	341,780	97,580	283,060
Unearned Revenue	7,270	235,766	—
Refund and Other Liabilities	657,591	4,364	—
Liability for Escheat Property	8,838	—	—
TOTAL LIABILITIES	5,401,162	715,269	283,060
FUND BALANCES:			
Nonspendable	65,080	32,874	—
Restricted	1,078,652	315,679	5,218,413
Committed	671,210	71,926	—
Assigned	1,616,695	—	—
Unassigned	(1,208,029)	—	—
TOTAL FUND BALANCES	2,223,608	420,479	5,218,413
TOTAL LIABILITIES AND FUND BALANCES	**$ 7,624,770**	**$ 1,135,748**	**$ 5,501,473**

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 3,020,142	$ 6,384,503
45,310	456,806
99,019	831,738
645,233	1,366,763
67,744	1,396,841
620,865	1,604,771
105,295	1,166,547
986	981,903
—	3,826,687
93,232	891,873
57,972	90,857
11,970	30,470
$ 4,767,768	**$ 19,029,759**
$ 275,650	$ 607,392
60,362	190,571
162,931	1,053,411
645,233	1,366,763
302,600	1,440,861
186,913	1,697,475
8,465	48,923
106,941	829,361
118,587	361,623
39,404	701,359
—	8,838
1,907,086	8,306,577
66,932	164,886
2,343,786	8,956,530
449,989	1,193,125
—	1,616,695
(25)	(1,208,054)
2,860,682	10,723,182
$ 4,767,768	**$ 19,029,759**

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STATE OF OHIO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011
(dollars in thousands)

Total Fund Balances for Governmental Funds		**$ 10,723,182**
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:		
Land	2,082,738	
Buildings and Improvements, net of $1,908,823 accumulated depreciation	1,779,018	
Land Improvements, net of $236,027 accumulated depreciation	181,204	
Machinery and Equipment, net of $553,624 accumulated depreciation	274,472	
Vehicles, net of $172,547 accumulated depreciation	125,927	
Infrastructure, net of $15,152 accumulated depreciation	19,461,832	
Construction-in-Progress	1,654,487	
	25,559,678	
Some of the State's revenues are collected after year-end but are not available soon enough to pay for the current period's (within 60 days of year-end) expenditures, and therefore, are deferred in the funds.		
Taxes Receivable	186,422	
Intergovernmental Receivable	278,343	
Other Receivables	361,606	
Other Assets	2,990	
	829,361	
Unamortized bond issue costs are not financial resources, and therefore, are not reported in the funds.	78,013	
Deferred outflows of resources are not financial resources, and therefore, are not reported in the funds.	36,708	
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Accrued Liabilities:		
Interest Payable	(172,532)	
Other		
Refunds and Other Liabilities	(167)	
Bonds and Notes Payable:		
General Obligation Bonds	(7,872,276)	
Revenue Bonds	(7,156,025)	
Special Obligation Bonds	(2,260,853)	
Certificates of Participation	(179,935)	
Other Noncurrent Liabilities:		
Compensated Absences	(464,077)	
Net Pension Obligation	(4,299)	
Net OPEB Obligation	(66,593)	
Capital Leases Payable	(6,530)	
Derivatives	(53,119)	
Estimated Claims Payable	(10,385)	
Pollution Remediation, net of liabilities reported as accounts payable in the funds and recoveries reported above as other receivables	(4,851)	
Liability for Escheat Property	(210,932)	
	(18,462,574)	
Total Net Assets of Governmental Activities		**$ 18,764,368**

The notes to the financial statements are an integral part of this statement.

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
REVENUES:			
Income Taxes	$ 8,771,965	$ —	$ —
Sales Taxes	7,785,452	—	—
Corporate and Public Utility Taxes	2,462,363	—	—
Motor Vehicle Fuel Taxes	1,070,014	—	—
Cigarette Taxes	855,610	—	—
Other Taxes	682,637	—	—
Licenses, Permits and Fees	657,629	893,287	—
Sales, Services and Charges	63,323	1	—
Federal Government	8,122,729	8,477,581	—
Tobacco Settlement	—	—	289,290
Escheat Property	124,026	—	—
Investment Income	20,997	5,337	2,618
Other	297,932	192,407	—
TOTAL REVENUES	**30,914,677**	**9,568,613**	**291,908**
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	8,662,756	204	60,671
Higher Education Support	2,559,430	2,707	—
Public Assistance and Medicaid	11,494,588	8,675,598	—
Health and Human Services	1,087,029	774,677	—
Justice and Public Protection	2,291,039	57,863	—
Environmental Protection and Natural Resources	66,263	—	—
Transportation	12,977	—	—
General Government	410,771	3,534	—
Community and Economic Development	3,253,061	—	—
CAPITAL OUTLAY	—	5,119	—
DEBT SERVICE	—	—	299,727
TOTAL EXPENDITURES	**29,837,914**	**9,519,702**	**360,398**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**1,076,763**	**48,911**	**(68,490)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued	624,890	49,607	—
Refunding Bonds Issued	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—
Premiums/Discounts	1,200	—	—
Capital Leases	915	—	—
Transfers-in	477,418	24,989	—
Transfers-out	(1,574,293)	(1,932)	(14,109)
TOTAL OTHER FINANCING SOURCES (USES)	**(469,870)**	**72,664**	**(14,109)**
NET CHANGE IN FUND BALANCES	**606,893**	**121,575**	**(82,599)**
FUND BALANCES, July 1 (as restated)	1,612,899	298,904	5,301,012
Increase (Decrease) for Changes in Inventories	3,816	—	—
FUND BALANCES, JUNE 30	**$ 2,223,608**	**$ 420,479**	**$ 5,218,413**

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 13,082	$ 8,785,047
5,676	7,791,128
1,149	2,463,512
689,407	1,759,421
—	855,610
17,270	699,907
1,245,206	2,796,122
33,393	96,717
6,701,135	23,301,445
3	289,293
—	124,026
15,255	44,207
480,660	970,999
9,202,236	**49,977,434**
2,987,734	11,711,365
27,279	2,589,416
37,162	20,207,348
2,304,369	4,166,075
656,051	3,004,953
309,547	375,810
2,356,990	2,369,967
113,072	527,377
1,078,380	4,331,441
498,195	503,314
1,168,770	1,468,497
11,537,549	**51,255,563**
(2,335,313)	**(1,278,129)**
657,928	1,332,425
544,775	544,775
(621,223)	(621,223)
122,631	123,831
—	915
2,527,689	3,030,096
(494,211)	(2,084,545)
2,737,589	**2,326,274**
402,276	**1,048,145**
2,462,096	9,674,911
(3,690)	126
$ 2,860,682	**$ 10,723,182**

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds		1,048,145
Change in Inventories		126
		1,048,271

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay Expenditures	622,049	
Depreciation Expense	(210,425)	
Excess of Capital Outlay Over Depreciation Expense		411,624

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, proceeds were received from:

General Obligation Bonds	(860,000)	
Revenue Bonds	(358,000)	
Special Obligation Bonds	(113,000)	
Refunding Bonds, including Bond Premium/Discount, Net	(624,662)	
Premiums and Discounts, Net:		
General Obligation Bonds	(17,895)	
Revenue Bonds	(21,419)	
Special Obligation Bonds	(6,031)	
Deferred Refunding Loss	31,031	
Capital Leases	(914)	
Total Debt Proceeds		(1,970,890)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Debt Principal Retirement and Defeasements:		
General Obligation Bonds	650,582	
Revenue Bonds	162,565	
Special Obligation Bonds	444,181	
Certificates of Participation	19,255	
Capital Lease Payments	3,008	
Total Long-Term Debt Repayment		1,279,591

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds. Deferred revenues increase by this amount this year. 36,401

The notes to the financial statements are an integral part of this statement.

Some expenses reported in the Statement of Activities are not reported as expenditures in the governmental funds. Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the changes in the following balances:

Increase in Bond Issue Costs Included in Other Assets	69	
Increase in Accrued Interest and Other Accrued Liabilities	(24,322)	
Amortization of Bond Premiums/Accretion of Bond Discount, Net	30,441	
Amortization of Deferred Refunding Loss	(32,995)	
Increase in Compensated Absences	(19,302)	
Decrease in Derivative Liabilities (Excluding Hedging Derivatives)	2,665	
Increase in Estimated Claims Payable	(314)	
Decrease in Pollution Remediation	589	
Increase in Net Pension Obligation	(4,299)	
Increase in Liability for OPEB Obligation	(66,593)	
Increase in Liability for Escheat Property	(22,737)	
Total additional expenditures		(136,798)
Change in Net Assets of Governmental Activities		**$ 668,199**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND AND MAJOR SPECIAL REVENUE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	GENERAL			
	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:				
Income Taxes	$ 8,254,277	$ 8,254,277	$ 8,807,000	$ 552,723
Sales Taxes	7,468,982	7,468,982	7,779,917	310,935
Corporate and Public Utility Taxes	2,379,901	2,379,901	2,415,645	35,744
Motor Vehicle Fuel Taxes	1,092,244	1,092,244	1,092,244	—
Cigarette Taxes	794,000	794,000	855,610	61,610
Other Taxes	670,227	670,227	682,465	12,238
Licenses, Permits and Fees	832,823	832,823	830,400	(2,423)
Sales, Services and Charges	74,585	74,585	74,524	(61)
Federal Government	8,444,829	8,444,829	8,503,870	59,041
Tobacco Settlement	258,623	258,623	258,623	—
Investment Income	91,929	91,929	12,137	(79,792)
Other	1,329,037	1,329,037	1,293,304	(35,733)
TOTAL REVENUES	**31,691,457**	**31,691,457**	**32,605,739**	**914,282**
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education	9,241,580	9,270,222	9,110,904	159,318
Higher Education Support	3,221,256	3,231,850	2,806,859	424,991
Public Assistance and Medicaid	12,314,663	12,401,718	12,098,334	303,384
Health and Human Services	1,444,192	1,424,383	1,311,393	112,990
Justice and Public Protection	2,848,430	2,882,593	2,716,274	166,319
Environmental Protection and Natural Resources	122,683	127,304	113,651	13,653
Transportation	20,359	20,359	20,027	332
General Government	923,520	988,511	814,262	174,249
Community and Economic Development	4,642,682	4,741,979	3,841,750	900,229
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE	937,328	952,311	774,706	177,605
TOTAL BUDGETARY EXPENDITURES	**35,716,693**	**36,041,230**	**33,608,160**	**2,433,070**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	**(4,025,236)**	**(4,349,773)**	**(1,002,421)**	**3,347,352**
OTHER FINANCING SOURCES (USES):				
Bonds Issued	569,872	569,872	569,051	(821)
Transfers-in	3,703,017	3,703,017	3,141,456	(561,561)
Transfers-out	(3,650,411)	(3,650,411)	(3,336,222)	314,189
TOTAL OTHER FINANCING SOURCES (USES)	**622,478**	**622,478**	**374,285**	**(248,193)**
NET CHANGE IN FUND BALANCES	**$ (3,402,758)**	**$ (3,727,295)**	**(628,136)**	**$ 3,099,159**
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)			1,164,989	
Outstanding Encumbrances at Beginning of Fiscal Year			1,277,006	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			**$ 1,813,859**	

The notes to the financial statements are an integral part of this statement.

JOB, FAMILY AND OTHER HUMAN SERVICES				
BUDGET				VARIANCE WITH FINAL BUDGET
ORIGINAL	FINAL		ACTUAL	POSITIVE/ (NEGATIVE)
		$	—	
			—	
			—	
			—	
			—	
			—	
			899,908	
			1	
			5,230,695	
			—	
			5,337	
			873,508	
			7,009,449	
$ 2,448	$ 2,448		325	$ 2,123
3,843	3,843		2,858	985
9,323,384	9,420,288		7,468,411	1,951,877
844,711	970,683		895,788	74,895
89,030	89,765		63,410	26,355
—	—		—	—
—	—		—	—
3,452	4,109		2,887	1,222
230	230		180	50
11,255	11,255		5,545	5,710
—	—		—	—
$ 10,278,353	**$ 10,502,621**		**8,439,404**	**$ 2,063,217**
			(1,429,955)	
			49,607	
			20,222	
			(18,150)	
			51,679	
			(1,378,276)	
			(1,633,666)	
			1,893,887	
		$	**(1,118,055)**	

STATE OF OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2011
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ 1,847	$ 65,091	$ —
Cash and Cash Equivalents	343,640	13,506	—
Collateral on Lent Securities	1,323	13,907	—
Restricted Assets:			
Cash Equity with Treasurer	—	59	—
Investments	—	42,778	—
Collateral on Lent Securities	—	237,300	—
Other Receivables	—	2,613	—
Deposit with Federal Government	—	—	638,977
Intergovernmental Receivable	—	—	95
Premiums and Assessments Receivable	771,736	—	32,139
Investment Trade Receivable	87,889	—	—
Interfund Receivable	74,132	—	—
Other Receivables	281,178	44,089	20,189
Inventories	—	—	—
Other Assets	9,422	8,184	6,086
TOTAL CURRENT ASSETS	**1,571,167**	**427,527**	**697,486**
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	24	—	—
Investments	—	673,530	—
Investments	20,708,953	—	—
Premiums and Assessments Receivable	3,081,818	—	—
Interfund Receivable	647,828	—	—
Capital Assets Being Depreciated, Net	78,922	61,985	—
Capital Assets Not Being Depreciated	11,994	—	—
TOTAL NONCURRENT ASSETS	**24,529,539**	**735,515**	**—**
TOTAL ASSETS	**26,100,706**	**1,163,042**	**697,486**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	7,719	6,781	—
Accrued Liabilities	—	—	—
Obligations Under Securities Lending	1,323	251,207	—
Investment Trade Payable	174,122	—	—
Intergovernmental Payable	—	—	297,323
Deferred Prize Awards Payable	—	45,451	—
Interfund Payable	—	108	—
Unearned Revenue	—	1,769	—
Benefits Payable	1,915,283	—	1,658
Refund and Other Liabilities	418,911	62,912	11,055
Bonds and Notes Payable	15,890	—	—
TOTAL CURRENT LIABILITIES	**2,533,248**	**368,228**	**310,036**
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	2,314,187
Deferred Prize Awards Payable	—	597,623	—
Interfund Payable	—	2,783	—
Benefits Payable	16,097,317	—	—
Refund and Other Liabilities	1,666,140	43,714	—
Bonds and Notes Payable	31,999	—	—
TOTAL NONCURRENT LIABILITIES	**17,795,456**	**644,120**	**2,314,187**
TOTAL LIABILITIES	**20,328,704**	**1,012,348**	**2,624,223**
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt	43,051	3,978	—
Restricted for Deferred Lottery Prizes	—	77,142	—
Unrestricted	5,728,951	69,574	(1,926,737)
TOTAL NET ASSETS (DEFICITS)	**$ 5,772,002**	**$ 150,694**	**$ (1,926,737)**

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 33,780	$ 100,718
3,120	360,266
4,411	19,641
—	59
505,858	548,636
—	237,300
—	2,613
—	638,977
10,243	10,338
—	803,875
—	87,889
1,604	75,736
4,346	349,802
38,533	38,533
4,107	27,799
606,002	**3,302,182**
—	24
31,803	705,333
90,669	20,799,622
—	3,081,818
9,073	656,901
7,401	148,308
—	11,994
138,946	**25,404,000**
744,948	**28,706,182**
29,685	44,185
5,125	5,125
4,411	256,941
—	174,122
—	297,323
—	45,451
3,399	3,507
892	2,661
81,936	1,998,877
5,884	498,762
—	15,890
131,332	**3,342,844**
—	2,314,187
—	597,623
10,775	13,558
510,663	16,607,980
9,249	1,719,103
—	31,999
530,687	**21,284,450**
662,019	**24,627,294**
7,401	54,430
—	77,142
75,528	3,947,316
$ 82,929	**$ 4,078,888**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services	$ —	$ 2,600,993	$ 24,267
Premium and Assessment Income	1,935,180	—	1,467,152
Federal Government	—	—	2,524,407
Investment Income	—	—	—
Other	14,989	7,242	56,730
TOTAL OPERATING REVENUES	**1,950,169**	**2,608,235**	**4,072,556**
OPERATING EXPENSES:			
Costs of Sales and Services	—	—	—
Administration	60,899	88,876	—
Bonuses and Commissions	—	161,326	—
Prizes	—	1,603,054	—
Benefits and Claims	2,238,942	—	4,094,207
Depreciation	11,179	20,088	—
Other	43,276	21	—
TOTAL OPERATING EXPENSES	**2,354,296**	**1,873,365**	**4,094,207**
OPERATING INCOME (LOSS)	**(404,127)**	**734,870**	**(21,651)**
NONOPERATING REVENUES (EXPENSES):			
Investment Income	2,364,359	24,133	1,129
Interest Expense	—	(4,073)	—
Other	—	(33,667)	—
TOTAL NONOPERATING REVENUES (EXPENSES)	**2,364,359**	**(13,607)**	**1,129**
INCOME (LOSS) BEFORE TRANSFERS	**1,960,232**	**721,263**	**(20,522)**
TRANSFERS:			
Transfers-in	—	—	8,000
Transfers-out	(13,309)	(739,145)	(8,799)
TOTAL TRANSFERS	**(13,309)**	**(739,145)**	**(799)**
NET INCOME (LOSS)	**1,946,923**	**(17,882)**	**(21,321)**
NET ASSETS (DEFICITS), JULY 1	3,825,079	168,576	(1,905,416)
NET ASSETS (DEFICITS), JUNE 30	**$ 5,772,002**	**$ 150,694**	**$ (1,926,737)**

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 808,437	$ 3,433,697
—	3,402,332
—	2,524,407
88,874	88,874
43,269	122,230
940,580	**9,571,540**
525,521	525,521
86,496	236,271
—	161,326
—	1,603,054
67,442	6,400,591
1,443	32,710
998	44,295
681,900	**9,003,768**
258,680	**567,772**
12	2,389,633
—	(4,073)
(3)	(33,670)
9	**2,351,890**
258,689	**2,919,662**
30,893	38,893
(223,191)	(984,444)
(192,298)	**(945,551)**
66,391	**1,974,111**
16,538	2,104,777
$ 82,929	**$ 4,078,888**

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ —	$ 2,595,736	$ —
Cash Received from Multi-State Lottery for Grand Prize Winner	—	171,003	—
Cash Received from Premiums and Assessments	2,029,065	—	1,465,822
Cash Received from Interfund Services Provided	55,416	777	—
Other Operating Cash Receipts	41,471	6,465	53,357
Cash Payments to Suppliers for Goods and Services	(45,136)	(56,204)	—
Cash Payments to Employees for Services	(225,822)	(27,104)	—
Cash Payments for Benefits and Claims	(2,001,437)	—	(3,712,414)
Cash Payments for Lottery Prizes	—	(1,955,575)	—
Cash Payments for Bonuses and Commissions	—	(161,326)	—
Cash Payments for Premium Reductions and Refunds	(72,257)	—	—
Cash Payments for Interfund Services Used	(15,334)	(3,518)	—
Other Operating Cash Payments	—	(21)	(362,859)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**(234,034)**	**570,233**	**(2,556,094)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	—	8,000
Transfers-out	(13,309)	(739,145)	(8,799)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**(13,309)**	**(739,145)**	**(799)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases	(15,865)	(15,694)	—
Interest Paid	(3,110)	(3,591)	—
Acquisition and Construction of Capital Assets	(2,816)	(520)	—
Proceeds from Sales of Capital Assets	104	23	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(21,687)**	**(19,782)**	**—**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments	(9,626,672)	(45,665)	(1,462,325)
Proceeds from the Sales and Maturities of Investments	9,026,269	98,235	4,019,218
Investment Income Received	782,313	11,804	—
Borrower Rebates and Agent Fees	(8,385)	(524)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	**173,525**	**63,850**	**2,556,893**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**(95,505)**	**(124,844)**	**—**
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	441,016	203,500	—
CASH AND CASH EQUIVALENTS, JUNE 30	**$ 345,511**	**$ 78,656**	**$ —**

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 787,498	$ 3,383,234
—	171,003
—	3,494,887
9,939	66,132
12,641	113,934
(516,754)	(618,094)
(95,111)	(348,037)
—	(5,713,851)
—	(1,955,575)
—	(161,326)
—	(72,257)
(7,073)	(25,925)
(67,449)	(430,329)
123,691	**(2,096,204)**
31,110	39,110
(223,191)	(984,444)
(192,081)	**(945,334)**
—	(31,559)
—	(6,701)
(380)	(3,716)
5	132
(375)	**(41,844)**
(1,586,366)	(12,721,028)
1,639,623	14,783,345
16,744	810,861
—	(8,909)
70,001	**2,864,269**
1,236	**(219,113)**
35,664	680,180
$ 36,900	**$ 461,067**

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)
(continued)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (404,127)	$ 734,870	$ (21,651)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	—	—	—
Depreciation	11,179	20,088	—
Provision for Uncollectible Accounts	48,075	—	—
Amortization of Premiums and Discounts	(446)	—	—
Interest on Bonds, Notes and Capital Leases	3,110	—	—
Decrease (Increase) in Assets:			
Deposit with Federal Government	—	—	(2,810,326)
Intergovernmental Receivable	—	(5,895)	(74)
Premiums and Assessments Receivable	25,681	—	(17,424)
Interfund Receivable	(14,931)	—	—
Other Receivables	(34,195)	—	(3,396)
Inventories	—	—	—
Other Assets	(1,867)	1,379	673
Increase (Decrease) in Liabilities:			
Accounts Payable	2,530	571	—
Accrued Liabilities	—	—	—
Intergovernmental Payable	—	—	297,114
Deferred Prize Awards Payable	—	(63,165)	—
Interfund Payable	—	223	—
Unearned Revenue	—	637	—
Benefits Payable	134,200	—	(5,306)
Refund and Other Liabilities	(3,243)	(118,475)	4,296
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**$ (234,034)**	**$ 570,233**	**$ (2,556,094)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in Fair Value of Investments	$ 1,599,613	$ (50,417)	$ —
Capital Assets Acquired under Capital Leases	—	6,944	—

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 258,680	$ 567,772
(88,874)	(88,874)
1,388	32,655
—	48,075
2	(444)
—	3,110
—	(2,810,326)
(778)	(6,747)
—	8,257
218	(14,713)
(3,069)	(40,660)
3,602	3,602
(403)	(218)
(4,927)	(1,826)
(2,626)	(2,626)
—	297,114
—	(63,165)
737	960
892	1,529
—	128,894
(41,151)	(158,573)
$ 123,691	**$ (2,096,204)**
$ —	$ 1,549,196
—	6,944

STATE OF OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011
(dollars in thousands)

	PENSION TRUST	PRIVATE-PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/10)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	15,744	88,396	71,020
Investments (at fair value):			
U.S. Government and Agency Obligations	19,111	—	2,082,770
Common and Preferred Stock	200,315	—	—
Corporate Bonds and Notes	38,668	—	—
Foreign Stocks and Bonds	12,978	—	—
Commercial Paper	—	—	350,327
Repurchase Agreements	—	—	—
Mutual Funds	442,684	5,994,449	665,116
Real Estate	22,795	—	—
Venture Capital	—	—	—
Direct Mortgage Loans	2,696	—	—
Partnership and Hedge Funds	—	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio)	—	—	—
Collateral on Lent Securities	—	—	—
Employer Contributions Receivable	871	—	—
Employee Contributions Receivable	716	—	—
Other Receivables	1,204	6,150	226
Other Assets	12	—	—
Capital Assets, Net	21	—	—
TOTAL ASSETS	**757,815**	**6,088,995**	**3,169,459**
LIABILITIES:			
Accounts Payable	1,114	—	—
Accrued Liabilities	22,349	2,382	—
Obligations Under Securities Lending	—	—	—
Investment Trade Payable	—	—	53,266
Intergovernmental Payable	—	—	—
Refund and Other Liabilities	69	8,107	231
TOTAL LIABILITIES	**23,532**	**10,489**	**53,497**
NET ASSETS:			
Held in Trust for:			
Employees' Pension Benefits	626,868	—	—
Employees' Postemployment Healthcare Benefits	107,415	—	—
Individuals, Organizations and Other Governments	—	6,078,506	—
Pool Participants	—	—	3,115,962
TOTAL NET ASSETS	**$ 734,283**	**$ 6,078,506**	**$ 3,115,962**

The notes to the financial statements are an integral part of this statement.

AGENCY	
$	283,036
	108,425
	14,808,432
	51,643,647
	13,636,915
	41,101,806
	6,042,703
	508,818
	8,646,158
	13,172,770
	9,847,920
	6,284,992
	2,041,220
	65,054
	56,626
	—
	—
	1,336
	434,393
	—
	168,684,251
	—
	—
	56,626
	—
	174,439
	168,453,186
	168,684,251
	—
	—
	—
	—
$	**—**

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STATE OF OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	PENSION TRUST	PRIVATE-PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/10)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ADDITIONS:			
Contributions from:			
Employer	$ 24,440	$ —	$ —
Employees	8,296	—	—
Plan Participants	—	4,811,450	—
Other	1,713	—	—
Total Contributions	34,449	4,811,450	—
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	86,194	819,576	—
Interest, Dividends and Other	8,639	103,698	5,893
Total Investment Income	94,833	923,274	5,893
Less: Investment Expense	4,938	26,369	2,429
Net Investment Income	89,895	896,905	3,464
Capital Share and Individual Account Transactions:			
Shares Sold	—	—	10,230,967
Reinvested Distributions	—	—	3,463
Shares Redeemed	—	—	(10,134,810)
Net Capital Share and Individual Account Transactions	—	—	99,620
TOTAL ADDITIONS	**124,344**	**5,708,355**	**103,084**
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries	52,498	—	—
Healthcare Benefits Paid to Participants or Beneficiaries	11,448	—	—
Refunds of Employee Contributions	477	—	—
Administrative Expense	744	—	—
Transfers to Other Retirement Systems	567	—	—
Distributions to Shareholders and Plan Participants	—	4,703,534	3,464
TOTAL DEDUCTIONS	**65,734**	**4,703,534**	**3,464**
CHANGE IN NET ASSETS HELD FOR:			
Employees' Pension Benefits	47,819	—	—
Employees' Postemployment Healthcare Benefits	10,791	—	—
Individuals, Organizations and Other Governments	—	1,004,821	—
Pool Participants	—	—	99,620
TOTAL CHANGE IN NET ASSETS	58,610	1,004,821	99,620
NET ASSETS, JULY 1	675,673	5,073,685	3,016,342
NET ASSETS, JUNE 30	**$ 734,283**	**$ 6,078,506**	**$ 3,115,962**

The notes to the financial statements are an integral part of this statement.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2011
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY (as of 12/31/10)	OHIO STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ 402,198	$ 21	$ —
Cash and Cash Equivalents	—	40,096	568,420
Investments	—	33,548	947,937
Collateral on Lent Securities	25,583	—	—
Intergovernmental Receivable	—	687	9,764
Loans Receivable, Net	584	2,591	16,014
Receivable from Primary Government	—	—	9,216
Other Receivables	20	5	435,856
Inventories	—	—	35,331
Other Assets	37	—	46,367
TOTAL CURRENT ASSETS	**428,422**	**76,948**	**2,068,905**
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	—	453,133	488,361
Investments	—	1,391,779	—
Intergovernmental Receivable	—	1	—
Loans Receivable, Net	—	4,310,523	—
Investments	—	31,346	2,188,997
Loans Receivable, Net	3,481	63,841	57,028
Other Receivables	—	19,377	25,110
Other Assets	—	66,898	—
Capital Assets Being Depreciated, Net	77	1,072	2,855,089
Capital Assets Not Being Depreciated	11,781	539	609,921
TOTAL NONCURRENT ASSETS	**15,339**	**6,338,509**	**6,224,506**
TOTAL ASSETS	**443,761**	**6,415,457**	**8,293,411**
Deferred Outflows of Resources	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**443,761**	**6,415,457**	**8,293,411**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	10,173	83,389	212,561
Accrued Liabilities	339	11,751	227,811
Obligations Under Securities Lending	25,583	—	—
Intergovernmental Payable	555,689	—	—
Unearned Revenue	—	—	206,415
Refund and Other Liabilities	708	—	39,167
Bonds and Notes Payable	—	179,395	537,671
Certificates of Participation	—	—	465
TOTAL CURRENT LIABILITIES	**592,492**	**274,535**	**1,224,090**
NONCURRENT LIABILITIES:			
Intergovernmental Payable	194,698	—	—
Unearned Revenue	—	—	—
Refund and Other Liabilities	773	207	334,249
Payable to Primary Government	3,826,687	—	—
Bonds and Notes Payable	—	2,957,922	1,481,033
Certificates of Participation	—	—	3,335
TOTAL NONCURRENT LIABILITIES	**4,022,158**	**2,958,129**	**1,818,617**
TOTAL LIABILITIES	**4,614,650**	**3,232,664**	**3,042,707**
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt	11,857	1,611	1,979,373
Restricted for:			
Environmental Protection and Natural Resources	—	—	—
Community and Economic Development	—	3,003,056	—
Nonexpendable:			
Scholarships and Fellowships	—	—	—
Research	—	—	—
Endowments and Quasi-Endowments	—	—	1,217,323
Loans, Grants and Other College and University Purposes	—	—	—
Expendable:			
Scholarships and Fellowships	—	—	—
Research	—	—	—
Instructional Department Uses	—	—	—
Student and Public Services	—	—	—
Academic Support	—	—	—
Debt Service	—	—	—
Capital Purposes	—	—	9,233
Endowments and Quasi-Endowments	—	—	123,849
Current Operations	—	—	459,000
Loans, Grants and Other College and University Purposes	—	—	—
Unrestricted	(4,182,746)	178,126	1,461,926
TOTAL NET ASSETS (DEFICITS)	**$ (4,170,889)**	**$ 3,182,793**	**$ 5,250,704**

The notes to the financial statements are an integral part of this statement.

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
$ —	$ 77,118	$ 479,337
84,945	797,521	1,490,982
272,336	1,371,089	2,624,910
—	7,535	33,118
—	53,628	64,079
6,500	19,776	45,465
4,877	34,830	48,923
101,914	403,835	941,630
2,191	26,319	63,841
5,117	63,333	114,854
477,880	**2,854,984**	**5,907,139**
—	43,654	985,148
159,878	928,398	2,480,055
—	—	1
—	—	4,310,523
995,343	1,340,820	4,556,506
24,718	132,697	281,765
39,609	103,669	187,765
436,537	85,440	588,875
1,329,396	4,804,204	8,989,838
147,714	721,280	1,491,235
3,133,195	**8,160,162**	**23,871,711**
3,611,075	**11,015,146**	**29,778,850**
—	2,746	2,746
3,611,075	**11,017,892**	**29,781,596**
73,492	170,415	550,030
86,650	221,472	548,023
—	7,535	33,118
—	4,254	559,943
32,482	264,303	503,200
45,446	136,379	221,700
109,267	106,834	933,167
—	—	465
347,337	**911,192**	**3,349,646**
—	8,318	203,016
—	7,609	7,609
162,987	363,005	861,221
—	—	3,826,687
987,626	2,299,751	7,726,332
—	—	3,335
1,150,613	**2,678,683**	**12,628,200**
1,497,950	**3,589,875**	**15,977,846**
401,739	3,427,985	5,822,565
—	5,340	5,340
—	83,786	3,086,842
128,472	150,753	279,225
92,686	14,197	106,883
553,964	617,062	2,388,349
420,645	93,346	513,991
47,584	214,830	262,414
98,144	17,326	115,470
34,720	183,170	217,890
41,726	21,196	62,922
26,884	208,693	235,577
2,327	20,498	22,825
26,315	71,632	107,180
92,388	96,967	313,204
5,704	67,705	532,409
12,705	268,884	281,589
127,122	1,864,647	(550,925)
$ 2,113,125	**$ 7,428,017**	**$ 13,803,750**

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY (for the year ended 12/31/10)	OHIO STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education	$ 373,596	$ —	$ —
Community and Economic Development	—	—	—
Cost of Services	—	331,401	—
Administration	—	13,557	—
Education and General:			
Instruction and Departmental Research	—	—	883,307
Separately Budgeted Research	—	—	440,756
Public Service	—	—	110,357
Academic Support	—	—	147,845
Student Services	—	—	88,604
Institutional Support	—	—	243,827
Operation and Maintenance of Plant	—	—	115,091
Scholarships and Fellowships	—	—	102,631
Auxiliary Enterprises	—	—	244,787
Hospitals	—	—	1,857,428
Interest on Long-Term Debt	—	6,038	57,847
Depreciation	48	110	239,351
Other	—	1,259	7,371
TOTAL EXPENSES	**373,644**	**352,365**	**4,539,202**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	3,470	146,284	3,301,619
Operating Grants, Contributions and Restricted Investment Income	5,330	300,242	833,569
Capital Grants, Contributions and Restricted Investment Income	—	—	16,398
TOTAL PROGRAM REVENUES	**8,800**	**446,526**	**4,151,586**
NET PROGRAM (EXPENSE) REVENUE	**(364,844)**	**94,161**	**(387,616)**
GENERAL REVENUES:			
Unrestricted Investment Income	—	338	365,108
State Assistance	60,671	—	508,667
Other	—	397	13,081
TOTAL GENERAL REVENUES	**60,671**	**735**	**886,856**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	**—**	**—**	**30,835**
CHANGE IN NET ASSETS	**(304,173)**	**94,896**	**530,075**
NET ASSETS (DEFICITS), JULY 1 (as restated)	(3,866,716)	3,087,897	4,720,629
NET ASSETS (DEFICITS), JUNE 30	**$ (4,170,889)**	**$ 3,182,793**	**$ 5,250,704**

The notes to the financial statements are an integral part of this statement.

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
$ —	$ 16,490	$ 390,086
—	57,760	57,760
—	—	331,401
—	—	13,557
277,304	1,613,476	2,774,087
178,565	218,046	837,367
55,356	127,219	292,932
86,472	432,436	666,753
43,881	234,540	367,025
330,414	482,193	1,056,434
59,183	327,708	501,982
40,659	344,192	487,482
80,071	605,438	930,296
—	281,097	2,138,525
47,123	85,639	196,647
103,936	308,678	652,123
21,630	49,922	80,182
1,324,594	**5,184,834**	**11,774,639**
782,690	3,176,869	7,410,932
313,660	1,098,861	2,551,662
796	88,639	105,833
1,097,146	**4,364,369**	**10,068,427**
(227,448)	**(820,465)**	**(1,706,212)**
270,836	312,351	948,633
204,925	1,189,283	1,963,546
8,472	84,716	106,666
484,233	**1,586,350**	**3,018,845**
21,823	**11,410**	**64,068**
278,608	**777,295**	**1,376,701**
1,834,517	6,650,722	12,427,049
$ 2,113,125	**$ 7,428,017**	**$ 13,803,750**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2011, and for the year then ended, conform with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are included in the GASB's Codification of Governmental Accounting and Financial Reporting Standards. The State's significant accounting policies are as follows.

A. Financial Reporting Entity

The State of Ohio's primary government includes all funds, elected officials, departments and agencies, bureaus, boards, commissions, and authorities that make up the State's legal entity. Component units, legally separate organizations for which the State's elected officials are financially accountable, also comprise, in part, the State's reporting entity. Additionally, other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete should be included in a government's financial reporting entity.

GASB Statement No. 14 (GASB 14), The Financial Reporting Entity, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- an organization is fiscally dependent on the primary government.

1. Blended Component Units

The Ohio Building Authority, the Buckeye Tobacco Settlement Financing Authority, and the State Highway Patrol Retirement System are legally separate organizations that provide services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefit the State. Therefore, the State reports these organizations' balances and transactions as though they were part of the primary government using the blending method.

2. Discretely Presented Component Units

The component units' columns in the basic financial statements include the financial data of another 28 organizations. The separate discrete column labeled, "Component Units," emphasizes these organizations' separateness from the State's primary government. Officials of the primary government appoint a voting majority of each organization's governing board.

The primary government has the ability to impose its will on the following organizations by modifying or approving their respective budgets or through policy modification authority.

School Facilities Commission
Cultural Facilities Commission
eTech Ohio Commission
Ohio Air Quality Development Authority
Ohio Capital Fund

The following organizations impose or potentially impose financial burdens on the primary government.

Ohio Water Development Authority
Ohio State University
University of Cincinnati
Ohio University
Miami University
University of Akron
Bowling Green State University
Kent State University
University of Toledo
Cleveland State University

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Youngstown State University
Wright State University
Shawnee State University
Central State University
Terra State Community College
Columbus State Community College
Clark State Community College
Edison State Community College
Southern State Community College
Washington State Community College
Cincinnati State Community College
Northwest State Community College
Owens State Community College

The School Facilities Commission, Cultural Facilities Commission, and eTech Ohio Commission, which are governmental component units, do not issue separately audited financial reports.

Information on how to obtain financial statements for the State's component units that do issue their own separately audited financial reports is available from the Ohio Office of Budget and Management.

3. Joint Ventures and Related Organizations
As discussed in more detail in NOTE 18, the State participates in several joint ventures and has related organizations. The State does not include the financial activities of these organizations in its financial statements, in conformity with GASB 14.

B. Basis of Presentation
Government-wide Statements — The Statement of Net Assets and the Statement of Activities display information about the primary government (the State) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

Fiduciary funds of the primary government and component units that are fiduciary in nature are reported only in the statements of fiduciary net assets and changes in fiduciary net assets.

For the government-wide financial statements, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the State. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources using the economic resources measurement focus and the accrual basis of accounting. The State presents the statement in a format that displays assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net assets. The net assets section is displayed in three components:

- The Invested in Capital Assets, Net of Related Debt component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of debt attributable to significant unspent related debt proceeds at year-end is not included in the calculation of this net assets component.

- The Restricted Net Assets component represents net assets with constraints placed on their use that are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2.) imposed by law through constitutional provisions or enabling legislation. For component units with permanent endowments, restricted net assets are displayed in two additional components — nonexpendable and expendable. Nonexpendable net assets are those that are required to be retained in perpetuity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The Unrestricted Net Assets component consists of net assets that do not meet the definition of the preceding two components.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the State's governmental activities and for the different business-type activities of the State. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Centralized expenses have been included in direct expenses. Indirect expenses have not been allocated to the programs or functions reported in the Statement of Activities.

Program revenues include licenses, permits and other fees, fines, forfeitures, charges paid by the recipients of goods or services offered by the programs, and grants, contributions, and investment earnings that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all tax, tobacco settlement, escheat property revenues, unrestricted investment income, and state assistance, are presented as general revenues.

Fund Financial Statements — The fund financial statements provide information about the State's funds, including the fiduciary funds and blended component units. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Governmental fund types include the General, special revenue, debt service, and capital projects funds. The proprietary funds consist of enterprise funds. Fiduciary fund types include pension trust, private-purpose trust, investment trust, and agency funds.

Operating revenues for the State's proprietary funds mainly consist of charges for the sales and services and premium and assessment income since these revenues result from exchange transactions associated with the principal activity of the respective enterprise fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Revenue from the federal government for the underfunded regular and extended unemployment benefits is also reported as operating revenues for the Unemployment Compensation Fund, since this source provides significant funding for the payment of unemployment benefits – the fund's principal activity. Investment income for the Tuition Trust Authority Fund is also reported as operating revenue, since this source provides significant funding for the payment of tuition benefits. Nonoperating revenues for the proprietary funds result from nonexchange transactions or ancillary activities; nonoperating revenues are primarily comprised of investment income and federal operating grants.

Proprietary fund operating expenses principally consist of expenses for the cost of sales and services, administration, bonuses and commissions, prizes, benefits and claims, and depreciation. Nonoperating expenses principally consist of interest expense on debt and the amortization of discount on deferred lottery prize liabilities, which is reported under "Other" nonoperating expenses.

The State reports the following major governmental funds:

General — The General Fund, the State's primary operating fund, accounts for resources of the general government, except those required to be accounted for in another fund.

Job, Family and Other Human Services Special Revenue Fund — This fund accounts for public assistance programs primarily administered by the Department of Job and Family Services, which provides financial assistance, services, and job training to those individuals and families who do not have sufficient resources to meet their basic needs. The primary sources of revenue for this fund are licenses, permits and fees and the federal government.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund — This fund accounts for the payment of principal and interest on the revenue bonds issued to fund long-lived capital projects at State-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State.

The State reports the following major proprietary funds:

Workers' Compensation Enterprise Fund — This fund accounts for the operations of the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio, which provide workers' compensation insurance services.

Lottery Commission Enterprise Fund — This fund accounts for the State's lottery operations.

Unemployment Compensation Enterprise Fund — This fund, which is administered by the Ohio Department of Job and Family Services, accounts for unemployment compensation benefit claims.

The State reports the following fiduciary fund types:

Pension Trust Fund — The State Highway Patrol Retirement System Pension Trust Fund accounts for resources that are required to be held in trust for members and beneficiaries of the defined benefit plan. The financial statements for the State Highway Patrol Retirement System Pension Trust Fund are presented for the fiscal year ended December 31, 2010.

Private-Purpose Trust Fund — The Private-Purpose Trust Fund accounts for trust arrangements under which principal and income benefit participants in the Variable College Savings Plan, which is administered by the Tuition Trust Authority.

Investment Trust Fund — The STAR Ohio Investment Trust Fund accounts for the state-sponsored external investment pool, which the Treasurer of State administers for local government participants.

Agency Funds — These funds account for the receipt, temporary investment, and remittance of fiduciary resources held on behalf of individuals, private organizations, and other governments.

The State reports the following major component unit funds:

The School Facilities Commission fund accounts for grants that provide assistance to local school districts for the construction of school buildings.

The Ohio Water Development Authority, Ohio State University, and University of Cincinnati funds are business-type activities that use proprietary fund reporting. The financial statements for the Ohio Water Development Authority, which provides financial assistance to local governments for the construction of wastewater and sewage facilities, are presented for the fiscal year ended December 31, 2010. The Ohio State University Fund accounts for the university's operations, including its health system, supercomputer center, agricultural research and development center, and other legally separate entities subject to the control of the university's board. The University of Cincinnati Fund accounts for the university's operations, including its related foundation and other legally separate entities subject to the control of the university's board.

C. Measurement Focus and Basis of Accounting

Government-wide, Enterprise Fund, and Fiduciary Fund Financial Statements — The State reports the government-wide financial statements and the proprietary fund and fiduciary fund financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The State recognizes revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions when the exchange takes place. When resources are received in advance of the exchange, the State reports the unearned revenue as a liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include derived taxes, grants, and entitlements. The revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, Accounting and Financial Reporting for Nonexchange Transactions.

Under the accrual basis, the State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue.

Investment income includes the net increase (decrease) in the fair value of investments.

As permitted by GAAP, all governmental and business-type activities and enterprise funds have elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Governmental Fund Financial Statements — The State reports governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers revenues reported in the governmental funds to be available when the revenues are collectible within 60 days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Significant revenue sources susceptible to accrual under the modified accrual basis of accounting include:

- Personal income taxes
- Sales and use taxes
- Motor vehicle fuel taxes
- Charges for goods and services
- Federal government grants
- Tobacco settlement
- Investment income

The State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred and the revenues are collected during the availability period.

For revenue arising from exchange transactions (e.g., charges for goods and services), the State defers revenue recognition when resources earned from the exchange are not received during the availability period and reports unearned revenue when resources are received in advance of exchange.

The governmental funds recognize federal government revenue in the period when all applicable eligibility requirements have been met and resources are available. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue. The State defers revenue recognition for reimbursement-type grant programs if the reimbursement is not received during the availability period.

Investment income includes the net increase (decrease) in the fair value of investments.

Licenses, permits, fees, and certain other miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. The “Other” revenue account is comprised of refunds, reimbursements, recoveries, and other miscellaneous income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, capital lease obligations, compensated absences, and claims and judgments. The governmental funds recognize expenditures for these liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from long-term debt issuances, including refunding bond proceeds, premiums, and acquisitions under capital leases are reported as other financing sources while discounts and payments to refunded bond escrow agents are reported as other financing uses.

D. Budgetary Process

As the Ohio Revised Code requires, the Governor submits biennial operating and capital budgets to the General Assembly.

The General Assembly approves operating appropriations in annual amounts and capital appropriations in two-year amounts.

The General Assembly enacts the budget through passage of specific departmental line-item appropriations, the legal level of budgetary control. Line-item appropriations are established within funds by program or major object of expenditure. The Governor may veto any item in an appropriation bill. Such vetoes are subject to legislative override.

The State's Controlling Board can transfer or increase a line-item appropriation within the limitations set under Sections 127.14 and 131.35, Ohio Revised Code.

All governmental funds are budgeted except the following activities within the debt service and capital projects fund types:

Improvements General Obligations
Highway Improvements General Obligations
Development General Obligations
Highway General Obligations
Public Improvements General Obligations
Vietnam Conflict Compensation
General Obligations
Economic Development Revenue Bonds
Infrastructure Bank Revenue Bonds
Revitalization Project Revenue Bonds
Buckeye Tobacco Settlement Financing Authority
Revenue Bonds
Chapter 154 Special Obligations
Ohio Building Authority Special Obligations
Transportation Certificates of Participation
OAKS Certificates of Participation
STARS Certificates of Participation
OAKS Project
STARS Project

For budgeted funds, the State's Ohio Administrative Knowledge System (OAKS) controls expenditures by appropriation line-item, so at no time can expenditures exceed appropriations and financial-related legal compliance is assured. The State uses the modified cash basis of accounting for budgetary purposes.

The Detailed Appropriation Summary by Fund Report is available for public inspection at the Ohio Office of Budget and Management and on its web site at www.obm.ohio.gov/SectionPages/FinancialReporting. This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Fund, the State reports estimated revenues and other financing sources and uses for the General Fund only; the State does not estimate revenue and other financing sources and uses for the major special revenue fund or its budgeted nonmajor governmental funds.

Additionally, in the non-GAAP budgetary basis financial statement, "actual" budgetary expenditures include cash disbursements and outstanding encumbrances, as of June 30.

The State Highway Patrol Retirement System Pension Trust Fund, the Variable College Savings Plan Private-Purpose Trust Fund, and the STAR Ohio Investment Trust Fund are not legally required to adopt budgets. The State is not legally required to report budgetary data and comparisons for the budgeted proprietary funds. Also, the State does not present budgetary data for its discretely presented component units.

Because the State budgets on a modified cash basis of accounting, which differs from GAAP, NOTE 3 presents a reconciliation of the differences between the GAAP basis and non-GAAP budgetary basis of reporting.

E. Cash Equity with Treasurer and Cash and Cash Equivalents

Cash equity with Treasurer consists of pooled demand deposits and investments carried at fair value. The State's cash pool under the Treasurer of State's administration has the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty.

Cash and cash equivalents include amounts on deposit with financial institutions and cash on hand. The cash and cash equivalents account also include investments with original maturities of three months or less from the date of acquisition for the Workers' Compensation Enterprise Fund.

Cash equity with Treasurer and cash and cash equivalents, including the portions reported under "Restricted Assets," are considered to be cash equivalents, as defined in GASB Statement No. 9, for purposes of the Statement of Cash Flows.

Additional disclosures on the State's deposits can be found in NOTE 4.

F. Investments

Investments include long-term investments that may be restricted by law or other legal instruments. With the exception of certain money market investments, which have remaining maturities at the time of purchase of one year or less and are carried at amortized cost, and holdings in the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool, the State reports investments at fair value based on quoted market prices. STAR Ohio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940; investments in the 2a7-like pool are reported at amortized cost (which approximates fair value).

The colleges and universities report investments received as gifts at their fair value on the donation date.

The primary government does not manage or provide investment services for investments reported in the Agency Fund that are owned by other, legally separate entities that are not part of the State of Ohio's reporting entity.

Additional disclosures on the State's investments can be found in NOTE 4.

G. Taxes Receivable

Taxes receivable represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, revenue has been recognized for the receivable. In the fund financial statements only the portion of the receivable collected during the 60-day availability period has been recognized as revenue while the remainder is recorded as deferred revenue. Additional disclosures on taxes receivable can be found in NOTE 5.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Receivable
The intergovernmental receivable balance is primarily comprised of amounts due from the federal government for reimbursement-type grant programs. Advances of resources to recipient local governments before eligibility requirements have been met under government-mandated and voluntary nonexchange programs and amounts due for exchanges of State goods and services with other governments are also reported as intergovernmental receivables. Additional details on the intergovernmental receivable balance can be found in NOTE 5.

I. Inventories
Inventories are valued at cost. Principal inventory cost methods applied include first-in/first-out, average cost, moving-average, and retail.

In the governmental fund financial statements, the State recognizes the costs of material inventories as expenditures when purchased. Inventories do not reflect current appropriable resources in the governmental fund financial statements. Therefore, the State reports an equivalent portion of fund balance as nonspendable.

J. Restricted Assets
The primary government reports assets restricted for the payment of deferred lottery prize awards, revenue bonds, and tuition benefits in the enterprise funds.

Generally, the component unit funds hold assets in trust under bond covenants or other financing arrangements that legally restrict the use of these assets.

K. Capital Assets
Primary Government
The State reports capital assets purchased with governmental fund resources in the government-wide financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. The State does not report capital assets purchased with governmental fund resources in the fund financial statements. Governmental capital assets are reported net of accumulated depreciation, except for land, construction-in-progress, transportation infrastructure assets, and individual works of art and historical treasures, including historical land improvements and buildings. Transportation infrastructure assets are reported using the “modified approach,” as discussed below, and therefore are not depreciable. Individual works of art and historical treasures, including historical land improvements and buildings, are considered to be inexhaustible, and therefore, are not depreciable.

The State reports capital assets purchased with enterprise fund resources and fiduciary fund resources in the government-wide and the fund financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. Capital assets, except for land and construction-in-progress, are reported net of accumulated depreciation.

The State has elected to capitalize its transportation infrastructure assets, defined as bridges, general highways, and priority highways, using the modified approach. Under this approach, the infrastructure assets are not depreciated because the State has committed itself to maintaining the assets at a condition level that the Ohio Department of Transportation (ODOT) has determined to be adequate to meet the needs of the citizenry. Costs of maintaining the bridge and highway infrastructure are not capitalized. New construction that represents additional lane-miles of highway or additional square-footage of bridge deck area and improvements that add to the capacity or efficiency of an asset are capitalized.

ODOT maintains an inventory of its transportation infrastructure capital assets, and conducts annual condition assessments to establish that the condition level that the State has committed itself to maintaining is, in fact, being achieved. ODOT also estimates the amount that must be spent annually to maintain the assets at the desired condition level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For its other types of capital assets, the State does not capitalize the costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life. Costs of major improvements are capitalized. Interest costs associated with the acquisition of capital assets purchased using governmental fund resources are not capitalized, while those associated with acquisitions purchased using enterprise and fiduciary fund resources are capitalized.

The State does not capitalize collections of works of art or historical treasures that can be found at the Governor's residence, Malabar Farm (i.e., Louis Bromfield estate), which the Ohio Department of Natural Resources operates, the Ohio Arts Council, the State Library of Ohio, and the Capitol Square Review and Advisory Board for the following reasons:

- The collection is held for public exhibition, education, or research in furtherance of public service rather than for financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State has established the following capitalization thresholds:

Buildings	$15,000
Building Improvements	100,000
Land, including easements	All, regardless of cost
Land Improvements	15,000
Machinery and Equipment	15,000
Vehicles	15,000
Infrastructure:	
Highway Network	500,000
Bridge Network	500,000
Park and Natural Resources Network	All, regardless of cost

For depreciable assets, the State applies the straight-line method over the following estimated useful lives:

Buildings	20-45 Years
Land Improvements	10-30 Years
Machinery and Equipment	3-15 Years
Vehicles	7-15 Years
Park and Natural Resources Infrastructure Network	10-50 Years

NOTE 8 contains additional disclosures about the primary government's capital assets.

Discretely Presented Component Unit Funds
The discretely presented component unit funds value all capital assets at cost and donated fixed assets at estimated fair value on the donation date. They apply the straight-line method to depreciable capital assets. Additional disclosures about the discretely presented component unit funds' capital assets can be found in NOTE 8.

L. Medicaid Claims Payable
The Medicaid claims liability, which has an average maturity of one year or less, includes an estimate for incurred, but not reported claims.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Noncurrent Liabilities

Government-wide Financial Statements — Liabilities whose average maturities are greater than one year are reported in two components — the amount due in one year and the amount due in more than one year. Additional disclosures as to the specific liabilities included in noncurrent liabilities can be found in NOTES 10 through 15.

Fund Financial Statements — Governmental funds recognize noncurrent liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

The proprietary funds and component unit funds report noncurrent liabilities expected to be financed from their operations.

N. Compensated Absences

Employees of the State's primary government earn vacation leave, sick leave, and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first four years of employment, up to a maximum rate of 9.2 hours every two weeks after 24 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, the State pays employees, at their full rate, 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 to 55 percent of unused sick leave.

Such leave is liquidated in cash, under certain restrictions, either annually in December, or at the time of termination from employment.

For the governmental funds, the State reports the matured compensated absences liability as a fund liability (included in the "Accrued Liabilities" account as a component of wages payable) to the extent it will be liquidated with expendable, available financial resources. For the primary government's proprietary funds and its discretely presented component unit funds, the State reports the compensated absences liability as a fund liability included in the "Refund and Other Liabilities" account.

The State's primary government accrues vacation, compensatory time, and personal leaves as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as at termination or retirement.

Sick leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The State's primary government accrues sick leave using the vesting method. Under this method, the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

Included in the compensated absences liability is an amount accrued for salary-related payments directly and incrementally associated with the payment of compensated absences upon termination. Such payments include the primary government's share of Medicare taxes.

For the colleges and universities, vacation and sick leave policies vary by institution.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Classification; Budget Stabilization Fund; Net Assets and Fund Balance Spending Order
Fund balance reported in the governmental fund financial statements is classified as follows:

Nonspendable
The nonspendable fund balance classification includes amounts that cannot be spent because they are either 1.) not in spendable form, such as prepaids and inventories or 2.) legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

Restricted
Fund balance amounts should be restricted when constraints placed on the use of resources are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 2.) imposed by law through constitutional provisions or enabling legislation.

Unrestricted
Committed
Amounts constrained for specific purposes by formal action (i.e., legislation) of the government's highest level of decision-making authority (i.e., General Assembly) should be reported as committed fund balance. Committed amounts cannot be used for other purposes unless the General Assembly passes legislation to remove the constraints.

Assigned
Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for stabilization arrangements. The intent should be conveyed by the governing body itself or through delegation to a body or official authorized on behalf of the government to assign amounts to be used for specific purposes. The Controlling Board, created under Chapter 127, Ohio Revised Code, is an example of a body delegated by the government to make assignments. The Director of the Office of Budget and Management is an example of an authorized official granted assignment authority through legislative language, including enacted budget bills. While both the committed and assigned fund balance classifications include amounts constrained for specific use by actions taken by the government itself, the authority for making an assignment is not required to be the government's highest level of decision-making authority. Amounts should not be reported as assigned if the assignment would result in a deficit in unassigned fund balance.

Unassigned
Unassigned fund balance is the residual classification for the General Fund. This classification represents spendable fund balance that has not been otherwise restricted, committed or assigned to specific purposes within the General Fund. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance due to overspending amounts that are restricted or committed.

Fund balance in the State's Budget Stabilization Fund, as discussed in Sections 131.43 and 131.44, Ohio Revised Code, does not meet the criteria to be classified as restricted or committed and is, therefore, reported as unassigned in the General Fund.

For reporting purposes, restricted amounts are generally considered to have been spent first, followed by unrestricted amounts. Within the unrestricted fund balance amounts, the spending order is generally committed, followed by assigned, and then unassigned when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

P. Risk Management
The State's primary government is self-insured for claims under its traditional healthcare plans and for vehicle liability while it has placed public official fidelity bonding with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. While not the predominant participants, the State's primary government and its discretely presented component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their respective workers' compensation liabilities. These liabilities are reported in the governmental funds under the "Interfund Payable" account. (See NOTE 7).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Balances and Activities
Interfund transactions and balances have been eliminated from the government-wide financial statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Revenues and expenses associated with reciprocal transactions within governmental or within business-type activities have not been eliminated.

In the fund financial statements, interfund activity within and among the three fund categories (governmental, proprietary, and fiduciary) is classified and reported as follows:

Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions. This activity includes:

Interfund Loans — Amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

Interfund Services Provided and Used — Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. This activity includes:

Interfund Transfers – Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Interfund Reimbursements — Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Details on interfund balances and transfers are disclosed in NOTE 7.

R. Intra-Entity Balances and Activities
Balances due between the primary government and its discretely presented component units are reported as receivables from component units or primary government and payables to component units or primary government. For each major component unit, the nature and amount of significant transactions with the primary government are disclosed in NOTE 7.

Resource flows between the primary government and its discretely presented component units are reported like external transactions (i.e., revenues and expenses).

S. Derivatives Instruments
The State's derivative instruments include investment derivatives and interest rate swaps. Interest rate swaps that are ineffective hedging derivatives are reported within the investment derivatives classification.

The State reports its derivative instruments at fair value in the Statement of Net Assets. Changes in fair value for investment derivatives are recorded as investment income in the Statement of Activities. Changes in fair value for effective hedging derivatives are reported as deferred outflows/inflows of resources in the Statement of Net Assets.

Additional disclosures on the State's investment derivatives and its hedging derivatives can be found in NOTE 4 and NOTE 10, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS

A. Restatements

Restatements of net assets, as of June 30, 2010, for the primary government's component units are presented in the following table (dollars in thousands).

Government-Wide Financial Statements:

	Total Component Units
Net Assets, as of June 30, 2010, As Previously Reported	$ 12,437,133
Change in Reporting Entity:	
University of Cincinnati Component Unit	(11,488)
Other Adjustments that Increased/(Decreased) Net Assets:	
Other Liabilities	1,404
Total Changes in Net Assets	(10,084)
Net Assets, July 1, 2010, As Restated	$ 12,427,049

During the implementation of GASB Statement No. 54, the State reclassified funds within the governmental funds category. Beginning fund balance for governmental funds at July 1, 2010, was unchanged in total.

	General	Job, Family and Other Human Services	Education	Highway Operating	Revenue Distribution	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total Fund Balance
Fund Balance, as of June 30, 2010, As Previously Reported	$ 493,042	$ 340,883	$ 80,915	$ 1,174,966	$ (191,718)	$ 5,301,012	$ 2,475,811	$ 9,674,911
From Revenue Distribution to General	(191,718)	-	-	-	191,718	-	-	-
From Education to Nonmajor Governmental Funds	-	-	(80,915)	-	-	-	80,915	-
From Highway Operating to Nonmajor Governmental Funds	-	-	-	(1,174,966)	-	-	1,174,966	-
From Job, Family and Other Human Services to General	41,979	(41,979)	-	-	-	-	-	-
From Nonmajor Governmental Funds to General	1,269,596	-	-	-	-	-	(1,269,596)	-
Total Changes in Fund Balance	1,119,857	(41,979)	(80,915)	(1,174,966)	191,718	-	(13,715)	-
Fund Balance, July 1, 2010, As Restated	$ 1,612,899	$ 298,904	$ -	$ -	$ -	$ 5,301,012	$ 2,462,096	$ 9,674,911

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS (Continued)

B. Implementation of Recently Issued Accounting Pronouncements
For the fiscal year ended June 30, 2011, the State implemented the provisions of

- Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

- Governmental Accounting Standards Board (GASB) Statement No. 59, Financial Instruments Omnibus.

GASB 54 provides clearer fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is required to observe the constraints imposed upon the use of the resources reported in the governmental funds.

GASB 59 updates and improves the accounting and financial reporting requirements that address financial instruments.

C. Recently Issued GASB Pronouncements

In December 2009, the GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. Certain requirements of GASB 57 are effective for financial statements for periods beginning after June 15, 2011. GASB 57 clarifies Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, regarding the requirements related to the coordination of the timing and frequency of OPEB measurements by agent employers and the agent multiple-employer OPEB plans in which they participate.

In November 2010, the GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The provisions of GASB 60 are effective for financial statements for periods beginning after December 15, 2011. GASB 60 establishes guidance for accounting and financial reporting for service concession arrangements (SCAs). This Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators by requiring both to account for and report SCAs in the same manner. This improves the comparability of financial statements.

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus. The provisions of GASB 61 are effective for financial statements beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. It addresses reporting entity issues that have arisen since the issuance of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. It also modifies existing requirements for including, presenting, and disclosing information about component units and equity interest transactions.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It eliminates the need to determine which FASB and AICPA pronouncements apply to state and local governments for more consistent application of guidance and improved comparability of financial statements.

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS (Continued)

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The provisions of GASB 63 are effective for financial statements beginning after December 15, 2011. GASB 63 standardizes financial reporting of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position and improves the comparability of financial statements by providing guidance where none previously existed.

In June 2011, the GASB issued Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions. The provisions of GASB 64 are effective for periods beginning after June 15, 2011. GASB 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement establishes the criteria for determining when an effective hedging relationship continues and when hedge accounting should continue to be applied.

Management has not yet determined the impact that the new GASB pronouncements will have on the State's financial statements.

NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS

In the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Fund, actual revenues, transfers-in, expenditures, encumbrances, and transfers-out reported on the non-GAAP budgetary basis do not equal those reported on the GAAP basis in the Statement of Revenues, Expenditures and Changes in Fund Balances — Major Governmental Funds.

This inequality results primarily from basis differences in the recognition of accruals, deferred revenue, interfund transactions, and loan transactions, and from timing differences in the budgetary basis of accounting for encumbrances. On the non-GAAP budgetary basis, the State recognizes encumbrances as expenditures in the year encumbered, while on the modified accrual basis, the State recognizes expenditures when goods or services are received regardless of the year encumbered.

Original budget amounts in the accompanying budgetary statements have been taken from the first complete appropriated budget for fiscal year 2011. An appropriated budget is the expenditure authority created by appropriation bills that are signed into law and related estimated revenues. The original budget also includes actual appropriation amounts automatically carried over from prior years by law, including the automatic rolling forward of appropriations to cover prior-year encumbrances.

Final Budget amounts represent original appropriations modified by authorized transfers, supplemental and amended appropriations, and other legally authorized legislative and executive changes applicable to fiscal year 2011, whenever signed into law or otherwise legally authorized.

For fiscal year 2011, no excess expenditures over appropriations were reported in individual funds.

A reconciliation of the fund balances reported under the GAAP basis and budgetary basis for the General Fund and the major special revenue fund is presented on the following page.

NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS (Continued)

Primary Government
Reconciliation of GAAP Basis Fund Balances to Non-GAAP Budgetary Basis Fund Balances
For the General Fund and Major Special Revenue Fund
As of June 30, 2011
(dollars in thousands)

	General	Job, Family & Other Human Services
Total Fund Balances — GAAP Basis	$2,223,608	$420,479
Less: Nonspendable Fund Balances	65,080	32,874
Less: Restricted Fund Balances	1,078,652	315,679
Less: Committed Fund Balances	671,210	71,926
Less: Assigned Fund Balances	1,616,695	-
Unassigned Fund Balances — GAAP Basis	(1,208,029)	-
BASIS DIFFERENCES		
Revenue Accruals/Adjustments:		
Cash Equity with Treasurer	(26,129)	10,582
Taxes Receivable	(1,329,097)	-
Intergovernmental Receivable	(658,187)	(325,719)
Loans Receivable, Net	(1,061,252)	-
Interfund Receivable	(108,246)	-
Receivables from Component Units	-	-
Other Receivables	(133,840)	(381,717)
Deferred Revenue	341,780	97,580
Unearned Revenue	7,270	235,766
Total Revenue Accruals/Adjustments	(2,967,701)	(363,508)
Expenditure Accruals/Adjustments:		
Cash Equity with Treasurer	(60,073)	(22,768)
Inventories	(32,885)	-
Other Assets	(16,230)	(2,270)
Accounts Payable	168,544	163,198
Accrued Liabilities	113,718	16,491
Medicaid Claims Payable	889,747	733
Intergovernmental Payable	1,039,154	99,107
Interfund Payable	1,496,764	13,798
Payable to Component Units	30,779	9,679
Refund and Other Liabilities	657,591	4,364
Liability for Escheat Property	8,838	-
Total Expenditure Accruals/Adjustments	4,295,947	282,332
Other Adjustments:		
Fund Balance Reclassifications:		
From Unassigned (Non-GAAP Budgetary Basis) to:		
Nonspendable	65,080	32,874
Restricted	1,078,652	315,679
Committed	671,210	71,926
Assigned	1,616,695	-
Cash and Investments Held Outside State Treasury	(622,645)	(2,539)
Other	(1)	(2)
Total Other Adjustments	2,808,991	417,938
Total Basis Differences	4,137,237	336,762
TIMING DIFFERENCES		
Encumbrances	(1,115,349)	(1,454,817)
Budgetary Fund Balances (Deficits) — Non-GAAP Basis	$1,813,859	($1,118,055)

NOTE 4 DEPOSITS AND INVESTMENTS

A. Legal Requirements

The deposit and investment policies of the Treasurer of State and the State Board of Deposit are governed by the Uniform Depository Act, Chapter 135, Ohio Revised Code, which requires state moneys to be maintained in one of the following three classifications:

Active Deposits – Moneys required to be kept in cash or near cash status to meet current demands. Such moneys must be maintained either as cash in the State's treasury or in any of the following: a commercial account that is payable or about to be withdrawn, in whole or in part, on demand, a negotiable order of withdrawal account, a money market deposit account or a designated warrant clearance account.

Inactive Deposits – Those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only in certificates of deposit maturing not later than the end of the current period of designation of depositories.

Interim Deposits – Those moneys not required for immediate use, but needed before the end of the current period of designation of depositories. Interim deposits may be deposited or invested in the following instruments:

- US Treasury Bills, notes, bonds or other obligation or securities issued by or guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
- Bonds and other direct obligations of the State of Ohio issued by the Treasurer of State and of the Ohio Public Facilities Commission, the Ohio Building Authority, and the Ohio Housing Finance Agency;
- Commercial paper issued by any corporation that is incorporated under the laws of the United States or a state, and rated at the time of purchase in the two highest rating categories by two nationally recognized rating agencies;
- Written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer in the securities enumerated above;
- No-load money market mutual funds consisting exclusively of securities and repurchase agreements enumerated above;
- Securities lending agreements with any eligible financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer;
- Bankers' acceptances maturing in 270 days or less;
- Certificates of deposit in the eligible institutions applying for interim moneys, including linked deposits, as authorized under Sections 135.61 to 135.67, Ohio Revised Code, agricultural linked deposits, as authorized under Sections 135.71 to 135.76, Ohio Revised Code, and housing linked deposits, as authorized under Sections 135.81 to 135.87, Ohio Revised Code;
- The Treasurer of State's investment pool, as authorized under section 135.45, Ohio Revised Code;
- Debt interest, other than commercial paper as enumerated above, of corporations incorporated under the laws of the United States or a state, of foreign nations diplomatically recognized by the United States, or any instrument based on, derived from, or related to such interests that are rated at the time of purchase in the three highest categories by two nationally recognized rating agencies, and denominated and payable in U.S. funds; and

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code.

The reporting entity's deposits must be held in insured depositories approved by the State Board of Deposit and must be fully collateralized. However, in the case of foundations and other component units of the colleges and universities, deposits of these entities are not subject to the legal requirements for deposits of governmental entities.

Deposits and investment policies of certain individual funds and component units are established by Ohio Revised Code provisions other than the Uniform Depository Act and by bond trust agreements. In accordance with applicable statutory authority, the State Highway Patrol Retirement System Pension Trust Fund, the Tuition Trust Authority Enterprise Fund, the Workers' Compensation Enterprise Fund, the Retirement Systems Agency fund, and the higher education institutions may also invest in common and preferred stocks, domestic and foreign corporate and government bonds and notes, mortgage loans, limited partnerships, venture capital, real estate and other investments.

B. State-Sponsored Investment Pool

The Treasurer of State is the investment advisor and administrator of the State Treasury Asset Reserve of Ohio (STAR Ohio), a statewide external investment pool authorized under Section 135.45, Ohio Revised Code. STAR Ohio issues a stand-alone financial report, copies of which may be obtained by making a written request to: Director of Investments, Treasurer of State, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215, by calling (614) 466-2160, or by accessing the Treasurer of State's website at www.ohiotreasurer.org.

C. Deposit and Investment Risks

Although exposure to risks is minimized by complying with the legal requirements explained above and internal policies adopted by the Treasurer of State and the investment departments at the various state agencies, the State's deposits and investments are exposed to risks that may lead to losses of value.

The following risk disclosures report investments by type. The "U.S. Agency Obligations" category includes securities issued by federal government agencies and instrumentalities, including government sponsored enterprises.

1. Custodial Credit Risk

Custodial credit risk for deposits exists when a government is unable to recover deposits or recover collateral securities that are in the possession of an outside party in the event of a failure of a depository financial institution.

Deposits of the primary government and its component units are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

In Ohio, legal requirements for depositor-governments are met when deposits are collateralized with securities held by the pledging financial institution, or by the pledging institution's trust department or agent but not in the government's name. The State's reporting entity has not established specific policies for managing custodial credit risk exposure for deposits.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The table below reports the carrying amount of deposits, as of June 30, 2011, held by the primary government, including fiduciary activities, and its major component units and the extent of exposure to custodial credit risk.

Primary Government (including Fiduciary Activities) and Major Component Units
Deposits—Custodial Credit Risk
As of June 30, 2011
(dollars in thousands)

			Uninsured Portion of Reported Bank Balance		
	Carrying Amount	Bank Balance	Uncollateralized	Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Depositor-Government's Name	Collateralized with Securities Held by the Pledging Institution
Primary Government	$ 1,585,920	$ 1,369,523	$ 42	$ 155,896	$ 22,616
Major Component Units:					
Ohio Water Development Authority (12/31/10)	34,362	34,494	-	33,244	-
Ohio State University	1,111,791	1,109,855	-	1,101,882	-
University of Cincinnati	84,730	87,721	10,900	-	-

Custodial credit risk for investments exists when a government is unable to recover the value of investments or collateral securities that are in the possession of an outside party in the event of a failure of a counterparty to a transaction.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department but not in the government's name.

The State's reporting entity has not established specific policies for managing custodial credit risk exposure for investments.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following table reports the fair value, as of June 30, 2011, of investments by type for the primary government, including fiduciary activities, and the extent of exposure to custodial credit risk (dollars in thousands).

Primary Government (including Fiduciary Activities)
Investments—Fair Value and Custodial Credit Risk
As of June 30, 2011
(dollars in thousands)

	Total Fair Value	Uninsured, Unregistered, and Held by the Counterparty's Trust Department or Agent but not in the State's Name
Investments Subject to Custodial Credit Risk Exposure:		
U.S. Government Obligations	$ 16,984,304	$ 250,015
U.S. Government Obligations—Strips	306,770	-
U.S. Agency Obligations	12,863,557	-
U.S. Agency Obligations—Strips	300,382	-
Common and Preferred Stock	59,624,866	-
Corporate Bonds and Notes	17,586,231	-
Corporate Bonds and Notes—Strips	1,700	-
Municipal Obligations	937,796	-
Commercial Paper	6,936,906	-
Repurchase Agreements	503,411	-
Mortgage and Asset-Backed Securities	6,363,002	-
International Investments:		
Foreign Stocks	40,209,672	-
Foreign Bonds	4,868,380	-
High-Yield and Emerging Markets Fixed Income	1,252,280	-
Securities Lending Collateral:		
Commercial Paper	487,334	-
Repurchase Agreements	973,824	248,824
Variable Rate Notes	38,430	-
Master Notes	85,300	-
U.S. Agency Obligations	37,491	-
Corporate Bonds	65,644	-
Common Stock	30,020	-
		$ 498,839
Investments Not Subject to Custodial Credit Risk Exposure:		
Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:		
U.S. Agency Obligations	1,663,127	
U.S. Agency Obligations—Strips	21,827	
International Investments-Commingled Equity Funds	1,016,913	
Equity Mutual Funds	6,286,685	
Bond Mutual Funds	4,227,418	
Real Estate	14,010,430	
Venture Capital	9,847,920	
Partnerships and Hedge Funds	2,077,878	
Investment Contracts	6,019	
Deposit with Federal Government	638,977	
Component Units' Equity in State Treasurer's Cash and Investment Pool	(512,453)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio	(428,023)	
Total Investments — Primary Government	$ 209,314,018	

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following table reports investments with custodial credit risk exposure for the major discretely presented component units. The School Facilities Commission Component Unit Fund participates in the State Treasurer's Cash and Investment Pool and does not hold investments separate from the pool. Risks associated with the School Facilities Commission's share of the pool are included in the disclosures for the Primary Government.

Major Component Units
Investment Custodial Credit Risk
As of June 30, 2011
(dollars in thousands)

	Fair Value	Uninsured, Unregistered, and Held by the Counterparty's Trust Department or Agent but not in the Component Unit's Name	Uninsured, Unregistered, and Held by the Counterparty but not in the Component Unit's Name
Ohio Water Development Authority (12/31/10):			
U.S. Government Obligations	$ 224,526	$ 224,526	$ -
U.S. Agency Obligations	1,186,822	1,186,822	-
Municipal Obligations	5,903	5,903	-
Total Ohio Water Development Authority		$ 1,417,251	$ -
Ohio State University:			
U.S. Government Obligations	$137,013	$ -	$137,013
U.S. Agency Obligations	179,561	-	179,561
Common and Preferred Stock	221,761	-	221,761
Corporate Bonds and Notes	314,164	-	314,164
Repurchase Agreements	291,424	-	291,424
Municipal Obligations	6,432	-	6,432
International Investments:			
Foreign Stocks	114,762	-	114,762
Foreign Bonds	51,250	-	51,250
Total Ohio State University		$ -	$ 1,316,367
University of Cincinnati:			
U.S. Government Obligations	$4,981	$4,981	$ -
U.S. Government Obligations—Strips	1,515	1,515	-
U.S. Agency Obligations	79,676	79,676	-
Common and Preferred Stock	135,879	135,879	-
Corporate Bonds and Notes	183,621	183,621	-
Municipal Obligations	96,212	96,212	-
International Investments:			
Foreign Bonds	26,609	26,609	-
Total University of Cincinnati		$ 528,493	$ -

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk

The risk that an investment's issuer or counterparty will not satisfy its obligation is called credit risk. The exposure to this risk has been minimized through the laws and policies adopted by the State.

For investments that are included in the treasury's cash and investment pool and reported as "Cash Equity with Treasurer" and other investment securities managed by the Treasurer of State's Office, Chapter 135, Ohio Revised Code, requires such investments to carry certain credit ratings at the time of purchase as follows:

- Commercial paper must carry ratings in the two highest categories by two nationally recognized rating agencies;
- Debt interests (other than commercial paper) must carry ratings in one of the three highest categories by two nationally recognized rating agencies. This requirement is met when either the debt interest or the issuer of the debt interest carries this rating.

Investment policies of the Treasurer of State's Office further define required credit ratings as follows:

- Commercial paper must have a short term debt rating of at least "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Banker acceptances must carry a minimum of "AA" for long-term debt ("AAA" for foreign issuers) by a majority of the agencies rating the issuer. For the short-term debt, the rating must be "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Corporate notes must be rated at a minimum of "Aa" by Moody's Investors Service and a minimum of "AA" by Standard & Poor's for long-term debt;
- Foreign debt must be guaranteed as to principal and interest by the United States or be rated in one of the three highest categories by at least two rating agencies; and
- For Registered Investment Companies (Mutual Funds), no-load money market mutual funds must carry a rating of "AAm", "AAm-G", or better by Standard & Poor's or the equivalent rating of another agency.

Investment policies regarding credit risk that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State's reporting entity are as follows:

Workers' Compensation Enterprise Fund
The Fund requires an average credit quality no lower than an "A" rating for fixed income securities.

State Highway Patrol Retirement
System Pension Trust Fund
When purchased, bond investments must be rated within the four highest classifications of at least two rating agencies.

STAR Ohio Investment Trust Fund
Investment policies governing the STAR Ohio external investment pool require that all securities must be rated the equivalent of "A-1" or higher, and at least 50 percent of the total average portfolio must be rated "A-1+" or better.

Retirement Systems Agency Fund
For the Ohio Public Employees Retirement System, non-investment grade securities are limited to 30 percent of the total Public Fixed Income portfolio assets. Limitations on the holdings of non-investment grade securities are included in the portfolio's guidelines.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

For the Ohio Police and Fire Pension Fund,

- Securities in the core fixed income portfolio shall be rated "BBB-" or better by two standard rating agencies at the time of the purchase;
- Securities in the high yield fixed income portfolio are high yield bonds issued by U.S. corporations with a minimum rating of "CCC" or equivalent;
- Investment managers may purchase securities that are "Not Rated" as long as they deem these securities to be at least equivalent to the minimum ratings; and
- Commercial paper must be rated within the two highest classifications established by two standard rating agencies.

Ohio Water Development Authority Component Unit Fund
The Authority's policy authorizes the acquisition of repurchase agreements from financial institutions with a Moody's or Standard & Poor's rating of "A" and the entering into investment agreements with financial institutions rated in the highest short-term categories or one of the top three long-term categories by Moody's and/or Standard and Poor's.

University of Cincinnati Component Unit Fund
The policy governing the university's temporary investment pool permits investments in securities rated "A" or higher at the time of purchase. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade, high-yield bond investments and certain unrated investments having strategic value to the university are permitted.

The School Facilities Commission Component Unit Fund participates in the State Treasurer's Cash and Investment Pool and does not hold investments separate from the pool. Risks associated with the School Facilities Commission's share of the pool are included in the disclosures for the Primary Government.

All investments, as categorized by credit ratings in the following tables, meet the requirements of the State's laws and policies, when applicable.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government (including Fiduciary Activities)
Investment Credit Ratings
As of June 30, 2011
(dollars in thousands)

Investment Type	Credit Rating AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	$ 9,869,694	$ 148,041	$ 4,496,758	$ -	$ -	$ -
U.S. Agency Obligations—Strips	322,209	-	-	-	-	-
Corporate Bonds and Notes	2,064,759	1,504,831	5,372,863	4,283,007	1,472,341	2,050,961
Corporate Bonds and Notes—Strips	1,629	-	-	-	-	-
Foreign Bonds	1,494,970	422,896	849,691	1,489,404	228,923	245,202
Municipal Bonds	112,793	402,908	417,841	4,054	-	-
Commercial Paper	5,699,015	552,760	685,131	-	-	-
Repurchase Agreements	300,000	200,000	-	-	-	-
Mortgage and Asset-Backed Securities	5,147,706	204,340	150,573	88,251	74,711	185,591
High-Yield & Emerging Markets Fixed Income	264	1,644	25,210	143,819	264,566	489,198
Bond Mutual Funds	3,232,393	10,486	390,292	3,746	4,587	17,255
Investment Contracts	-	-	-	-	-	-
Securities Lending Collateral:						
Commercial Paper	-	-	487,334	-	-	-
Repurchase Agreements	-	270,000	703,824	-	-	-
Variable Rate Notes	-	-	38,430	-	-	-
Master Notes	-	-	85,300	-	-	-
Corporate Bonds	-	-	-	-	-	65,644
U.S. Agency Obligations	37,491	-	-	-	-	-
Total Primary Government	$ 28,282,923	$ 3,717,906	$ 13,703,247	$ 6,012,281	$ 2,045,128	$ 3,053,851

Investment Type	Credit Rating CCC/Caa	CC/Ca	C	D	Unrated	Total
U.S. Agency Obligations	$ -	$ -	$ -	$ -	$ 12,191	$14,526,684
U.S. Agency Obligations—Strips	-	-	-	-	-	322,209
Corporate Bonds and Notes	649,401	12,861	1,376	861	172,970	17,586,231
Corporate Bonds and Notes—Strips	-	-	-	-	71	1,700
Foreign Bonds	78,631	186	6,976	-	51,501	4,868,380
Municipal Bonds	-	-	-	-	200	937,796
Commercial Paper	-	-	-	-	-	6,936,906
Repurchase Agreements	-	-	-	-	3,411	503,411
Mortgage and Asset-Backed Securities	240,132	63,200	36,427	4,797	167,274	6,363,002
High-Yield & Emerging Markets Fixed Income	165,104	2,401	3,411	585	156,078	1,252,280
Bond Mutual Funds	2,884	5	-	-	565,770	4,227,418
Investment Contracts	-	-	-	-	6,019	6,019
Securities Lending Collateral:						
Commercial Paper	-	-	-	-	-	487,334
Repurchase Agreements	-	-	-	-	-	973,824
Variable Rate Notes	-	-	-	-	-	38,430
Master Notes	-	-	-	-	-	85,300
Corporate Bonds	-	-	-	-	-	65,644
U.S. Agency Obligations	-	-	-	-	-	37,491
Total Primary Government	$ 1,136,152	$ 78,653	$ 48,190	$ 6,243	$ 1,135,485	$59,220,059

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Component Units
Investment Credit Ratings
As of June 30, 2011
(dollars in thousands)

	Credit Rating		
Ohio Water Development Authority (12/31/10):	AAA/Aaa	Unrated	Total
U.S. Agency Obligations	$ 1,186,822	$ -	$ 1,186,822
Municipal Obligations	5,903	-	5,903
Bond Mutual Funds	158,936	-	158,936
Investment Contracts	-	24,122	24,122
Total Ohio Water Development Authority	$ 1,351,661	$ 24,122	$ 1,375,783

	Credit Rating					
Ohio State University:	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	$ 177,656	$ -	$ -	$ 1,905	$ -	$ -
Corporate Bonds and Notes	80,513	36,851	115,286	65,730	6,469	1,017
Repurchase Agreements	291,424	-	-	-	-	-
Municipal Obligations	1,162	3,255	2,015	-	-	-
Bond Mutual Funds	75,968	12,212	10,082	5,562	33	97
Foreign Bonds	19,661	14,790	3,695	2,115	-	-
Total Ohio State University	$ 646,384	$ 67,108	$ 131,078	$ 75,312	$ 6,502	$ 1,114

	Credit Rating				
Ohio State University (continued):	CCC/Caa	CC/Ca	C	Unrated	Total
U.S. Agency Obligations	$ -	$ -	$ -	$ -	$ 179,561
Corporate Bonds and Notes	379	-	-	7,919	314,164
Repurchase Agreements	-	-	-	-	291,424
Municipal Obligations	-	-	-	-	6,432
Bond Mutual Funds	543	73	180	383	105,133
Foreign Bonds	-	-	-	10,989	51,250
Total Ohio State University	$ 922	$ 73	$ 180	$ 19,291	$ 947,964

	Credit Rating					
University of Cincinnati:	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	$ 79,676	$ -	$ -	$ -	$ -	$ -
Corporate Bonds and Notes	10,349	45,295	107,264	20,598	-	-
Mortgage and Asset-Backed Securities	-	-	-	-	-	-
Municipal Obligations	18,810	29,059	36,659	2,133	-	-
Bond Mutual Funds	-	46,218	40,530	2,033	16,758	524
Foreign Bonds	10,152	10,222	6,235	-	-	-
Other Investments	-	-	-	-	-	-
Total University of Cincinnati	$ 118,987	$ 130,794	$ 190,688	$ 24,764	$ 16,758	$ 524

University of Cincinnati (continued):	Unrated	Total
U.S. Agency Obligations	$ -	$ 79,676
Corporate Bonds and Notes	115	183,621
Mortgage and Asset-Backed Securities	52,211	52,211
Municipal Obligations	9,551	96,212
Bond Mutual Funds	12,306	118,369
Foreign Bonds	-	26,609
Other Investments	1,285	1,285
Total University of Cincinnati	$ 75,468	$ 557,983

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Descriptions of the investment credit ratings shown in the tables are as follows:

Rating	General Description of Credit Rating
AAA/Aaa	Extremely strong
AA/Aa	Very strong
A/A-1	Strong
BBB/Baa	Adequate
BB/Ba	Less vulnerable
B	More vulnerable
CCC/Caa	Currently vulnerable to nonpayment
CC/Ca	Currently highly vulnerable to nonpayment
C	Currently highly vulnerable to nonpayment due to certain conditions (e.g., filing of bankruptcy petition or similar action by issuer)
D	Currently highly vulnerable to nonpayment for failure to pay by due date

3. Concentration of Credit Risk

The potential for loss of value increases when investments are not diversified. The State has imposed limits on the types of authorized investments to prevent this type of loss.

For investments that are included in the treasury's cash and investment pool, and reported as "Cash Equity with Treasurer" and other investment securities managed by the Treasurer of State's Office, Chapter 135, Ohio Revised Code, requires the following:

- Investments in commercial paper may not exceed 25 percent of the State's total average portfolio;
- Bankers acceptances cannot exceed 10 percent of the State's total average portfolio;
- Debt interests cannot exceed 25 percent of the State's total average portfolio;
- Debt interests in foreign nations may not exceed one percent of the State's total average portfolio; and,
- Debt interests of a single issuer may not exceed one-half of one percent of the State's total average portfolio.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investment policies of the Treasurer of State further restrict concentrations of investments. Maximum concentrations are as follows:

Investment Type	Maximum % of Total Average Portfolio
U.S. Treasury	100
Federal Agency (fixed rate)	100
Federal Agency (callable)	55
Federal Agency (variable rate)	10
Repurchase Agreements	25
Bankers' Acceptances	10
Commercial Paper	25
Corporate Notes	5
Foreign Notes	1
Certificates of Deposit	20
Municipal Obligations	10
STAR Ohio	25
Mutual Funds	25

The investment policies of the Treasurer of State's Office also specify that commercial paper is limited to no more than five percent of the issuing corporation's total outstanding commercial paper, and investments in a single issuer are further limited to no more than two percent of the total average portfolio except for the U.S. government obligations, limited at 100 percent; repurchases agreement counterparties, limited at the lesser of five percent or $250 million; bankers' acceptances, limited at 10 percent; corporate notes and foreign debt, limited at one-half of one percent; and mutual funds, limited at 10 percent.

For the U.S. Equity Portfolio of the Workers' Compensation Enterprise Fund, no single holding is to be more than five percent of the entire portfolio at market, or five percent of the outstanding equity securities of any one corporation.

For the Lottery Commission Enterprise Fund, no more than two percent of the total average portfolio may be invested in the securities of any single issuer with the following exceptions: U.S. government obligations, 100 percent maximum; repurchase agreements, limited at the lesser of five percent or $250 million; and mutual funds, 10 percent maximum.

The State Highway Patrol Retirement System Pension Trust Fund's policy prohibits the investment of more than 10 percent of its fixed income portfolio in securities of any one issuer with the exception of U.S. government securities, or the investment of more than five percent of the Fund's total investments in any one issuer with the exception of U.S. government securities.

For the STAR Ohio Investment Trust Fund, investments in a single issuer are further limited to no more than two percent of the total average portfolio except for U.S. Treasury obligations, limited at 100 percent; U.S. Agency obligations, limited at 33 percent; repurchase agreement counterparties, limited at the lesser of 10 percent or $500 million; and mutual funds, limited at 10 percent.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2011, all investments meet the requirements of the State's law and policies, when applicable. However, investments in certain issuers are at least five percent of investment balances, as follows (dollars in thousands):

Issuer	Amount	Percentage of Investment Balance
Governmental and Business-Type Activities:		
Federal National Mortgage Association	$2,164,849	7%
Federal Home Loan Bank	2,191,609	7%
Federal Home Loan Mortgage Corporation	1,816,601	6%
STAR Ohio Investment Trust Fund:		
Federal National Mortgage Association	812,319	19%
Federal Home Loan Bank	1,320,842	30%
Federal Home Loan Mortgage Corporation	689,553	16%
School Facilities Commission Component Unit Fund:		
Federal National Mortgage Association	26,362	19%
Federal Home Loan Bank	39,731	29%
Federal Home Loan Mortgage Corporation	24,221	17%
Federal Farm Credit Bank	7,324	5%
Ohio Water Development Authority Component Unit Fund (12/31/10):		
Federal National Mortgage Association	207,979	19%
Federal Home Loan Bank	792,534	8%
Federal Home Loan Mortgage Corporation	506,782	10%

4. Interest Rate Risk

Certain of the State's investments are exposed to interest rate risk. This risk exists when changes to interest rates will negatively impact the fair value of an investment. The State has adopted policies to mitigate this risk.

Investment policies governing the treasury's cash and investment pool, which is reported as "Cash Equity with Treasurer" and is managed by the Treasurer of State's Office, limit maturities of short term investments to no more than 18 months with a weighted average maturity not to exceed 90 days. For long-term investments, maturities are limited to five years or less, except for those that are matched to a specific obligation or debt of the State. A duration target of three years or less has been established for long-term investments.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Variable rate notes are permitted if they meet the following criteria:

- the note has an ultimate maturity of less than three years;
- the rate resets frequently to follow money market rates;
- the note is indexed to a money market rate that correlates (by at least 95 percent) with overall money market rate changes, even during wide swings in interest rates, e.g., federal funds, 3-month treasury bill, LIBOR; and
- any cap on the interest rate is at least 15 percent (1500 basis points) higher than the coupon at purchase.

The Lottery Commission Enterprise Fund's investments are required to have maturities of 30 years or less. In no case may the maturity of an investment exceed the expected date of disbursement of those funds.

For the State Highway Patrol Retirement System Pension Trust Fund, investment policies require that the Fund's fixed income portfolio has an average maturity of 10 years or less.

Investment policies governing the STAR Ohio Investment Trust Fund limit maturities of investments to a final stated maturity of 397 days or less. The weighted average maturity of each portfolio is limited to 60 days or less.

Investments purchased under the Cash Management Policy of the Ohio Public Employees Retirement System are limited to a weighted average maturity of 120 days. Fixed rate notes are required to have an average maturity of 1.3 years.

All investments of the Ohio Water Development Authority Component Unit Fund must mature within five years unless the investment is matched to a specific obligation or debt of the Authority.

The policy of the University of Cincinnati Component Unit Fund stipulates that the weighted average maturity in the Temporary Investment Pool shall be no longer than five years. The weighted average of the fixed income maturities in the university's endowment portfolio shall not exceed 20 years.

As of June 30, 2011, investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to the interest rate changes. The U.S. agency obligations investment type includes $921 million of investments with call dates during fiscal years 2012 and 2013. These investments have maturities between fiscal years 2013 and 2017 and are reported in the table on the following page as maturing in one to five years.

Several investments reported as "Collateral on Lent Securities" have terms that make them highly sensitive to interest rate changes as of June 30, 2011. Variable rate notes of $31.4 million have quarterly reset dates. U.S. agency and instrumentality obligations of $25 million have quarterly reset dates.

The Lottery Commission Enterprise Fund has collateral on lent securities with reset dates. Variable rate notes and U.S. agency and instrumentality obligations with reset dates are reported as collateral on lent securities. Variable rate notes of $7 million and U.S. agency and instrumentality obligations of $12.5 million have quarterly reset dates.

Also during fiscal year 2011, the Treasurer of State acted as the custodian of the Retirement Systems Agency Fund's investments. These investments contain terms that make their fair values highly sensitive to interest rate changes. Specific information on the nature of the investments and their terms can be found in each respective retirement system's Comprehensive Annual Financial Report.

The following tables list the investment maturities of the investments for the primary government and its major discretely presented component units. All investments at June 30, 2011, meet the requirements of the State's laws and policies, when applicable. The School Facilities Commission Component Unit Fund participates in the State Treasurer's Cash and Investment Pool and does not hold investments separate from the pool. Risks associated with the School Facilities Commission's share of the pool are included in the disclosures for the Primary Government.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government (including Fiduciary Activities)
Investments Subject to Interest Rate Risk
As of June 30, 2011
(dollars in thousands)

	Investment Maturities (in years)				
Investment Type	Less than 1	1-5	6-10	More than 10	Total
U.S. Government Obligations	$ 1,782,892	$ 6,602,101	$ 2,714,344	$ 5,884,967	$ 16,984,304
U.S. Government Obligations—Strips	12,789	115,238	91,652	87,091	306,770
U.S. Agency Obligations	8,780,214	1,991,405	450,646	3,304,419	14,526,684
U.S. Agency Obligations—Strips	39,946	97,179	134,771	50,313	322,209
Corporate Bonds and Notes	940,453	5,072,972	4,820,847	6,751,959	17,586,231
Corporate Bonds and Notes—Strips	-	-	1,586	114	1,700
Municipal Bonds	200	4,811	10,388	922,397	937,796
Commercial Paper	6,936,906	-	-	-	6,936,906
Repurchase Agreements	503,411	-	-	-	503,411
Mortgage and Asset-Backed Securities	58,561	129,682	530,744	5,644,015	6,363,002
Foreign Bonds	140,701	1,419,260	981,242	2,327,177	4,868,380
High-Yield & Emerging Markets Fixed Income	26,668	247,752	727,839	250,021	1,252,280
Bond Mutual Funds	4,110,268	60,156	52,550	4,444	4,227,418
Investment Contracts	-	6,019	-	-	6,019
Securities Lending Collateral:					
Commercial Paper	487,334	-	-	-	487,334
Repurchase Agreements	973,824	-	-	-	973,824
Variable Rate Notes	38,430	-	-	-	38,430
Master Notes	85,300	-	-	-	85,300
Corporate Bonds	-	38,134	27,510	-	65,644
U.S. Agency Obligations	37,491	-	-	-	37,491
Total Primary Government	$ 24,955,388	$ 15,784,709	$ 10,544,119	$ 25,226,917	$ 76,511,133

Major Component Units
Investments Subject to Interest Rate Risk
As of June 30, 2011
(dollars in thousands)

	Investment Maturities (in years)				
Ohio Water Development Authority (12/31/10):	Less than 1	1-5	6-10	More than 10	Total
U.S. Government Obligations	$ 41,301	$ 179,622	$ 2,253	$ 1,350	$ 224,526
U.S. Agency Obligations	957,714	229,108	-	-	1,186,822
Municipal Obligations	933	4,970	-	-	5,903
Bond Mutual Funds	158,936	-	-	-	158,936
Investment Contracts	-	-	-	24,122	24,122
Total Ohio Water Development Authority	$ 1,158,884	$ 413,700	$ 2,253	$ 25,472	$ 1,600,309

	Investment Maturities (in years)				
Ohio State University:	Less than 1	1-5	6-10	More than 10	Total
U.S. Government Obligations	$ 19,602	$ 111,093	$ 5,044	$ 1,274	$ 137,013
U.S. Agency Obligations	14,362	123,632	20,586	20,981	179,561
Corporate Bonds and Notes	25,843	220,360	45,142	22,819	314,164
Repurchase Agreements	291,424	-	-	-	291,424
Municipal Obligations	797	-	221	5,414	6,432
Bond Mutual Funds	11,337	55,295	26,093	12,408	105,133
Foreign Bonds	6,211	23,525	16,507	5,007	51,250
Total Ohio State University	$ 369,576	$ 533,905	$ 113,593	$ 67,903	$ 1,084,977

	Investment Maturities (in years)				
University of Cincinnati:	Less than 1	1-5	6-10	More than 10	Total
U.S. Government Obligations	$ 2,133	$ 70	$ 899	$ 1,879	$ 4,981
U.S. Government Obligations—Strips	861	654	-	-	1,515
U.S. Agency Obligations	41,305	28,219	23	10,129	79,676
Corporate Bonds and Notes	114,749	63,297	3,821	1,754	183,621
Mortgage and Asset-Backed Securities	2,975	155	9,206	39,875	52,211
Municipal Obligations	27,273	49,947	508	18,484	96,212
Bond Mutual Funds	-	83,400	18,135	16,834	118,369
Foreign Bonds	26,609	-	-	-	26,609
Other Investments	367	918	-	-	1,285
Total University of Cincinnati	$ 216,272	$ 226,660	$ 32,592	$ 88,955	$ 564,479

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

5. Foreign Currency Risk

Investments in stocks and bonds denominated in foreign currencies are affected by foreign currency risk which arises from changes in currency exchange rates. The State's laws and investment policies include provisions to limit the exposure to this type of risk.

According to Chapter 135, Ohio Revised Code, investments managed by the Treasurer of State's Office, and reported as "Cash Equity with Treasurer", are limited to the debt of nations diplomatically recognized by the United States and that are backed by the full faith and credit of that foreign nation.

Investment policies of the Treasurer of State's Office further limit the types of authorized investments. These requirements include maturity limitations of five years at the date of purchase and denomination of principal and interest in U.S. dollars. Other limitations are noted in the previous sections of this note that discuss credit risk and concentration of credit risk.

Investment policies regarding foreign currency risk have also been adopted for the following significant entities reported in the primary government and are specific to those entities:

Workers' Compensation Enterprise Fund
The Fund's investment policy requires that:

- equity securities of any one international company shall not exceed five percent of the total value of all the investments in international equity securities, and
- equity securities of any one international company shall not exceed five percent of the company's outstanding equity securities.

Retirement Systems Agency Fund
For the Ohio Public Employees Retirement System, non-U.S. dollar-based securities are limited to five percent of the total Global Bond portfolio. Additionally, no more than 25 percent of the Global Bond portfolio assets may be from non-U.S. issuers.

As of June, 30, 2011, investments denominated in the currency of foreign nations, as detailed in the tables appearing on the following pages for the primary government and the Ohio State University component unit, meet the requirements of the State's laws and policies, when applicable.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government (including Fiduciary Activities)
International Investments—Foreign Currency Risk
As of June 30, 2011
(dollars in thousands)

	Fiduciary Activities			
Currency	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Total
Argentinean Peso	$ 559	$ 2,051	3,182	$ 5,792
Australian Dollar	821,683	14,764	-	836,447
Brazilian Real	540,499	83,732	6,479	630,710
British Pound	3,169,605	191,836	1,528	3,362,969
Bulgarian Lev	511	-	-	511
Canadian Dollar	655,348	169,165	-	824,513
Chilean Peso	43,356	874	-	44,230
Chinese Yuan	977	-	-	977
Colombian Peso	4,652	25,093	4,169	33,914
Czech Koruna	49,394	-	-	49,394
Danish Krone	204,954	-	-	204,954
Egyptian Pound	17,866	4,700	67	22,633
Euro	4,300,896	391,522	8,874	4,701,292
Ghana Cedi	-	-	2,484	2,484
Hong Kong Dollar	1,534,842	-	-	1,534,842
Hungarian Forint	37,677	7,231	-	44,908
Indian Rupee	284,268	6,203	646	291,117
Indonesian Rupiah	127,833	46,608	4,665	179,106
Israeli Shekel	92,201	1,012	-	93,213
Japanese Yen	3,235,254	475	126	3,235,855
Malaysian Ringgit	170,425	33,885	4,847	209,157
Mexican Peso	160,864	61,375	5,958	228,197
Moroccan Dirham	773	-	-	773
New Zealand Dollar	121,469	8,132	-	129,601
Norwegian Krone	284,851	-	668	285,519
Nigerian Naira	-	-	264	264
Pakistani Rupee	2,795	-	-	2,795
Peruvian New Sol	-	465	-	465
Philippines Peso	38,972	18,488	-	57,460
Polish Zloty	126,093	24,735	-	150,828
Renminbi Yuan	2,234	-	-	2,234
Russian Ruble	45,437	9,143	-	54,580
Singapore Dollar	263,794	-	-	263,794
South African Rand	405,444	22,692	5,998	434,134
South Korean Won	957,463	21,795	-	979,258
Swedish Krona	411,936	62,501	-	474,437
Swiss Franc	1,004,597	-	-	1,004,597
Taiwan Dollar	661,387	-	-	661,387
Thailand Baht	207,723	10,352	-	218,075
Turkish Lira	206,488	29,328	-	235,816
Uruguayan Peso	-	17,016	-	17,016
Investments Held in Foreign Currency	$20,195,120	$ 1,265,173	$ 49,955	21,510,248
Foreign Investments Held in U.S. Dollars				25,836,997
Total Foreign Investments-Primary Government, including Fiduciary Activities				$47,347,245

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Component Unit
International Investments—Foreign Currency Risk
As of June 30, 2011
(dollars in thousands)

Ohio State University: Currency	Included in the Balance Reported for Common & Preferred Stock	Included in the Balance Reported for Corporate & International Bonds	Total
Australian Dollar	$ 28,874	$ 1,011	$ 29,885
Brazilian Real	2,362	(64)	2,298
British Pound	9,214	5,227	14,441
Canadian Dollar	-	4,698	4,698
Czech Koruna	1,340	-	1,340
Egyptian Pound	837	-	837
Euro	27,338	23,319	50,657
Hong Kong Dollar	5,308	-	5,308
Indian Rupee	1,592	-	1,592
Israeli Shekel	-	7	7
Japanese Yen	1,064	8,689	9,753
Mexican Peso	1,479	2,369	3,848
Singapore Dollar	1,109	-	1,109
South African Rand	8,069	-	8,069
South Korean Won	10,153	-	10,153
Swiss Franc	7,509	-	7,509
Taiwan Dollar	6,602	-	6,602
Thailand Baht	467	-	467
Turkish Lira	1,445	-	1,445
Total Investments Held in Foreign Currency-Ohio State University	$ 114,762	$ 45,256	$ 160,018

D. Securities Lending Transactions

The Treasurer of State participates in the securities lending programs for securities included in the “Cash Equity with Treasurer” and “Investments” accounts. Each lending program is administered by a custodial agent bank, whereby certain securities are transferred to an independent broker-dealer (borrower) in exchange for collateral.

At the time of the loan, the Treasurer of State requires its custodial agents to ensure that the State’s lent securities are collateralized at no less than 102 percent of fair value. At no point in time can the value of the collateral be less than 100 percent of the underlying securities.

Consequently, as of June 30, 2011, the State had no credit exposure since the amount the State owed to the borrowers at least equaled or exceeded the amount borrowers owed to the State.

The State invests cash collateral in short-term obligations, which have a weighted average maturity of 83 days or less while the weighted average maturity of securities loans is six days or less.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The State cannot sell securities received as collateral unless the borrower defaults. Consequently, these amounts are not reflected in the financial statements.

According to the lending contracts the Treasurer of State executes for the State's cash and investment pool and for the Ohio Lottery Commission Enterprise Fund, the securities lending agent is to indemnify the Treasurer of State for any losses resulting from either the default of a borrower or any violations of the security lending policy.

During fiscal year 2011, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2011, the Treasurer of State lent U.S. government and agency obligations in exchange for cash collateral.

E. Investment Derivatives

As of June 30, 2011, the State reports the following investment derivatives in its financial statements (dollars in thousands):

Investment Derivatives
As of June 30, 2011
(dollars in thousands)

		Fair Value at 6/30/2011		Increase (Decrease) in Fair Value	
	Notional	Amount	Reported as	Amount	Reported as
Governmental Activities:					
Investment Derivatives:					
Pay-fixed interest rate swaps	$149,030	($16,412)	Other Noncurrent Liability	($3,398)	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
Fiduciary Funds—Agency:					
Investment Derivatives:					
Call options	4,200	(12)	Investments	22	Refund and Other Liabilities
Credit default swaps	31,326	-	Investments	2,004	Refund and Other Liabilities
Credit linked notes	14,582	14,582	Investments	6,206	Refund and Other Liabilities
Foreign currency contracts	164,444	(3,170)	Investments	(370,985)	Refund and Other Liabilities
Forward contracts	9,408,535	(11,649)	Investments	52,236	Refund and Other Liabilities
Futures contracts	347,330	(1,554)	Investments	(5,653)	Refund and Other Liabilities
Equity swaps	1,417,357	35,177	Investments	35,177	Refund and Other Liabilities
Interest rate swap	4,383	661	Investments	167	Refund and Other Liabilities
S&P 500 Exchange Traded Fund	6,714	6,714	Investments	6,714	Refund and Other Liabilities
Total return swaps	660,772	10,794	Investments	10,794	Refund and Other Liabilities
Warrants	566	566	Investments	566	Refund and Other Liabilities
Major Component Units:					
Investment Derivatives:					
Ohio State University:					
Pay-fixed interest rate swaps	15,927	(1,846)	Other Noncurrent Liability	66	Other Revenues
University of Cincinnati:					
Pay-fixed interest rate swap	24,075	(2,062)	Other Noncurrent Liability	709	Operating Restricted Investment Gain

For governmental activities, the pay-fixed swaps included in the table above do not meet the criteria for hedging derivatives as of June 30, 2011, and are reported as investment derivatives. The decreases in the fair values for fiscal year 2011 of $3.4 million are reported as operating restricted investment losses for the primary, secondary and other education function in the Statement of Activities.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The credit quality ratings of JPMorgan Chase, the counterparty, are Aa1/AA- as of June 30, 2011. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2011. However, should interest rates change and the fair values of the swaps becomes positive, the State would be exposed to credit risk in the amount of the derivative's positive fair value.

Each swap counterparty is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement. This arrangement protects the State by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities held by a third-party custodian. Net payments are made on the same date, as specified in the agreements.

These swaps, maturing March 15, 2025, are associated with Common Schools Bonds, Series 2005A and Series 2005B. The underlying index is a variable rate based on 6 percent of the 1 month LIBOR rate plus 20 basis points. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, School Employees Retirement System of Ohio, and State Teachers Retirement System of Ohio have entered into the derivatives reported in the Agency Fund. All derivatives of these retirement systems are categorized as investment derivatives. The fair values and associated risks of the investment derivatives for the Agency Fund are included in the balances and risks disclosed in the previous sections of this note disclosure.

For the major component units, the pay-fixed swaps for the Ohio State University and the University of Cincinnati component units in the table above do not meet the criteria for hedging derivatives. The increase in fair value for fiscal year 2011 of $66 thousand for the Ohio State University is reported as general other revenue in the Statement of Activities. The increase in fair value of $709 thousand for the University of Cincinnati is reported as an operating investment gain in the Statement of Activities.

The Ohio State University has two pay-fixed swaps reported as investment derivatives. These transactions are designed to manage the interest costs and risks associated with the variable interest rate debt. The first swap, maturing September 1, 2018, has been used to offset the variable interest rate on $17.4 million of the 2010 bond financing for an ambulatory facility. The underlying index is a variable rate based on the 30-day BMA rate at the beginning of each month. The other swap, maturing February 28, 2012, fixes the interest rate on a $2.2 million term loan to fund a 40 percent interest in the Fresenius Partnership. The underlying index is a variable rate based on the 30-day LIBOR rate in effect at the beginning of the month.

The University of Cincinnati's pay-fixed swap is used to protect the University against the potential of rising interest rates within the variable rate market on the 2011B BANS of $24.1 million. The swap matures on June 1, 2030. It has an underlying index of 67 percent LIBOR. The University was not exposed to credit risk because the swap had a negative fair value at June 30, 2011. There are no counterparty collateral posting requirements on the swap.

NOTE 5 RECEIVABLES

A. Taxes Receivable – Primary Government

Current taxes receivable are expected to be collected in the next fiscal year while noncurrent taxes receivable are not expected to be collected until more than one year from the balance sheet date. As of June 30, 2011, approximately $186.4 million of the net taxes receivable balance is also reported as deferred revenue on the governmental funds' balance sheet, all of which is reported in the General Fund.

Refund liabilities for income taxes, totaling approximately $655.7 million are reported as "Refund and Other Liabilities" for governmental activities on the Statement of Net Assets and in the General Fund on the governmental funds' Balance Sheet.

The following table summarizes taxes receivable for the primary government (dollars in thousands):

	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Current-Due Within One Year:			
Income Taxes	$343,844	$ -	$343,844
Sales Taxes	386,550	-	386,550
Motor Vehicle Fuel Taxes	71,512	65,907	137,419
Commercial Activity Taxes	381,144	-	381,144
Public Utility Taxes	91,952	-	91,952
Severance Taxes	-	1,837	1,837
	1,275,002	67,744	1,342,746
Noncurrent-Due in More Than One Year:			
Income Taxes	54,095	-	54,095
Taxes Receivable, Net	$1,329,097	$ 67,744	$1,396,841

B. Intergovernmental Receivable – Primary Government

The intergovernmental receivable balance reported for the primary government, all of which is expected to be collected within the next fiscal year, consists of the following, as of June 30, 2011 (dollars in thousands):

	From Nonexchange Programs		Services		
	Federal Government	Local Government	Other State Governments	Local Government	Total Primary Government
Governmental Activities:					
Major Governmental Funds:					
General	$643,999	$1,495	$ -	$12,693	$658,187
Job, Family and Other Human Services	254,559	71,160	-	-	325,719
Nonmajor Governmental Funds	474,663	127,460	-	18,742	620,865
Total Governmental Activities	1,373,221	200,115	-	31,435	1,604,771
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	-	95	-	95
Nonmajor Proprietary Funds	-	-	-	10,243	10,243
Total Business-Type Activities	-	-	95	10,243	10,338
Intergovernmental Receivable	$1,373,221	$200,115	$ 95	$41,678	$1,615,109

NOTE 5 RECEIVABLES (Continued)

C. Loans Receivable

Loans receivable for the primary government and its discretely presented major component units, as of June 30, 2011, are detailed in the following tables (dollars in thousands):

Primary Government - Loans Receivable

Loan Program	Governmental Activities: General	Governmental Activities: Nonmajor Governmental Funds	Total Primary Government
Economic Development			
Office of Financial Incentives	$ 453,317	$ -	$453,317
Local Infrastructure Improvements	394,638	-	394,638
Housing Finance	195,232	-	195,232
Highway, Transit, & Aviation Infrastructure Bank	-	98,638	98,638
School District Solvency Assistance	11,792	-	11,792
Brownfield Revolving Loan	-	3,641	3,641
Wayne Trace Local School District	3,378	-	3,378
Rail Development	-	3,016	3,016
Office of Minority Financial Incentives	1,609	-	1,609
Other Loans Receivable	1,286	-	1,286
Loans Receivable	1,061,252	105,295	1,166,547
Current-Due Within One Year	101,488	19,773	121,261
Noncurrent-Due in More Than One Year	959,764	85,522	1,045,286
Loans Receivable	$1,061,252	$105,295	$1,166,547

Major Component Units - Loans Receivable

Loan Program	Ohio Water Development Authority (12/31/10)	Ohio State University	University of Cincinnati
Water and Wastewater Treatment (including restricted portion)	$ 4,376,955	$ -	$ -
Student	-	92,042	35,111
Other	-	-	2,658
Loans Receivable, Gross	4,376,955	92,042	37,769
Estimated Uncollectible	-	(19,000)	(6,551)
Loans Receivable, Net	4,376,955	73,042	31,218
Current-Due Within One Year	2,591	16,014	6,500
Noncurrent-Due in More Than One Year	4,374,364	57,028	24,718
Loans Receivable, Net	$ 4,376,955	$ 73,042	$ 31,218

NOTE 5 RECEIVABLES (Continued)

D. Other Receivables

The other receivables balances reported for the primary government and its discretely presented major component units reporting significant balances, as of June 30, 2011, consist of the following (dollars in thousands).

Primary Government - Other Receivables

	Governmental Activities				
	Major Governmental Funds				
Types of Receivables	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total
Manufacturers' Rebates	$112,816	$257,201	$ -	$13,538	$383,555
Tobacco Settlement	-	-	283,059	73,863	356,922
Health Facility Bed Assessments	-	106,587	-	-	106,587
Interest	1,353	-	25	430	1,808
Accounts	10,580	17,314	-	2,141	30,035
Environmental Legal Settlements	-	-	-	778	778
Miscellaneous	9,091	615	-	2,482	12,188
Other Receivables, Net	133,840	381,717	283,084	93,232	891,873
Current-Due Within One Year	133,840	381,717	25	19,369	534,951
Noncurrent-Due in More Than One Year	-	-	283,059	73,863	356,922
Other Receivables, Net	$133,840	$381,717	$283,084	$93,232	$891,873

	Business-Type Activities				
	Major Proprietary Funds				
Types of Receivables	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	Total
Accounts	$130,920	$ -	$130,964	$3,374	$265,258
Interest and Dividends (including restricted portion)	151,306	2,613	-	972	154,891
Lottery Sales Agents	-	44,352	-	-	44,352
Other Receivables, Gross	282,226	46,965	130,964	4,346	464,501
Estimated Uncollectible	(1,048)	(263)	(110,775)	-	(112,086)
Other Receivables, Net-Due Within One Year	$281,178	$ 46,702	$20,189	$4,346	$352,415

Total Primary Government	$1,244,288

NOTE 5 RECEIVABLES (Continued)

Major Component Units - Other Receivables			
Types of Receivables	Ohio Water Development Authority (12/31/10)	Ohio State University	University of Cincinnati
Accounts	$ -	$1,052,584	$56,450
Interest	-	26,601	11,713
Investment Trade Receivable (Stock and Bonds Proceeds)	-	-	4
Pledges	-	59,879	65,609
Unbilled Charges	-	-	33,365
Grants	15,215	-	-
Arbitrage	4,167	-	-
Other Receivables, Gross	19,382	1,139,064	167,141
Estimated Uncollectible	-	(678,098)	(25,618)
Other Receivables, Net	19,382	460,966	141,523
Current-Due Within One Year	5	435,856	101,914
Noncurrent-Due Within More Than One Year	19,377	25,110	39,609
Other Receivables, Net	$ 19,382	$460,966	$141,523

The “Other Receivables” balance reported in the fiduciary funds as of June 30, 2011, is comprised of interest due of approximately $1.4 million, investment trade receivable of $5.9 million, and miscellaneous receivables of $1.5 million.

NOTE 6 PAYABLES

A. Accrued Liabilities

Details on accrued liabilities for the primary government and its discretely presented major component units reporting significant balances, as of June 30, 2011, follow (dollars in thousands):

Primary Government - Accrued Liabilities

	Wages and Employee Benefits	Accrued Interest	Total Accrued Liabilities
Governmental Activities:			
Major Governmental Funds:			
General	$113,718	$ -	$113,718
Job, Family and Other Human Services	16,491	-	16,491
Nonmajor Governmental Funds	60,362	-	60,362
	190,571	-	190,571
Reconciliation of fund level statements to government-wide statements due to basis differences	-	172,532	172,532
Total Governmental Activities	190,571	172,532	363,103
Business-Type Activities:			
Nonmajor Proprietary Funds	5,125	-	5,125
Total Primary Government	$195,696	$ 172,532	$368,228

	Wages and Employee Benefits	Health Benefit Claims	Management and Administrative Expenses	Total Accrued Liabilities
Fiduciary Activities:				
State Highway Patrol Retirement System Pension Trust (12/31/2010)	$ 21,542	$ 807	$ -	$ 22,349
Variable College Savings Plan Private-Purpose Trust	-	-	2,382	2,382
Total Fiduciary Activities	$ 21,542	$ 807	$ 2,382	$ 24,731

Major Component Units - Accrued Liabilities

	Wages and Employee Benefits	Self-Insurance	Accrued Interest	Other	Total Accrued Liabilities
Ohio State University	$ 150,617	$ 32,607	$ 8,980	$ 35,607	$ 227,811
University of Cincinnati	39,152	-	5,040	42,458	86,650

NOTE 6 PAYABLES (Continued)

B. Intergovernmental Payable

The intergovernmental payable balances for the primary government, as of June 30, 2011, are comprised of the following (dollars in thousands).

Primary Government - Intergovernmental Payable

	Local Government				
	Shared Revenue and Local Permissive Taxes	Subsidies and Other	Federal Government	Other States	Total
Governmental Activities:					
Major Governmental Funds:					
General	$ 888,660	$ 113,228	$ 35,730	$ 1,536	$ 1,039,154
Job, Family and Other Human Services	-	99,107	-	-	99,107
Nonmajor Governmental Funds	-	302,600	-	-	302,600
Total Governmental Activities	888,660	514,935	35,730	1,536	1,440,861
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	35	2,611,475	-	2,611,510
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the business-type financial statements	-	-	(2,314,187)	-	(2,314,187)
Total Business-Type Activities	-	35	297,288	-	297,323
Total Primary Government					$ 1,738,184
Fiduciary Activities:					
Holding and Distribution Agency Fund	$ -	$ -	$ 1,180	$ 15,924	$ 17,104
Payroll Withholding and Fringe Benefits Agency Fund	-	27,519	-	-	27,519
Other Agency Fund	122,450	7,366	-	-	129,816
Total Fiduciary Activities	$ 122,450	$ 34,885	$ 1,180	$ 15,924	$ 174,439

As of June 30, 2011, the School Facilities Commission Component Unit Fund reported an intergovernmental payable balance totaling approximately $748 million for long-term funding contracts the Commission has with local school districts. In the government-wide Statement of Net Assets, the intergovernmental payable balance for the Commission is included with "Other Noncurrent Liabilities." The contracts commit the State to cover the costs of construction of facilities of the school districts once the districts have met certain eligibility requirements.

NOTE 6 PAYABLES (Continued)

C. Refund and Other Liabilities

Refund and other liabilities for the primary government and its discretely presented major component units reporting significant balances, as of June 30, 2011, consist of the balances, as follows (dollars in thousands):

Primary Government - Refund and Other Liabilities

	Personal Income Tax Estimated Refund Claims	Other	Total
Governmental Activities:			
Major Governmental Funds:			
General	$ 657,591	$ -	$ 657,591
Job, Family and Other Human Services	-	4,364	4,364
Nonmajor Governmental Funds	-	39,404	39,404
	657,591	43,768	701,359
Reconciliation of balances included in the "Refund and Other Liabilities" and "Other Noncurrent Liabilities" balances in the government-wide financial statements	-	167	167
Total Governmental Activities	$ 657,591	$ 43,935	$ 701,526

	Reserve for Compensation Adjustment	Refund and Security Deposits	Compensated Absences	Capital Leases	Other	Total
Business-Type Activities:						
Major Proprietary Funds:						
Workers' Compensation	$1,937,300	$87,664	$27,890	$ -	$32,197	$2,085,051
Lottery Commission	-	43,333	3,808	58,007	1,478	106,626
Unemployment Compensation	-	11,055	-	-	-	11,055
Nonmajor Proprietary Funds	-	3,089	11,489	-	555	15,133
	1,937,300	145,141	43,187	58,007	34,230	2,217,865
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements	(1,937,300)	(87,664)	(42,948)	(58,007)	(12,701)	(2,138,620)
Total Business-Type Activities	$ -	$ 57,477	$ 239	$ -	$ 21,529	$ 79,245
Total Primary Government						$ 780,771

NOTE 6 PAYABLES (Continued)

	Child Support Collections	Refund and Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
Fiduciary Activities:						
State Highway Patrol Retirement System Pension Trust (12/31/2010)	$ -	$ -	$ -	$ -	$ 69	$ 69
Variable College Savings Plan Private-Purpose Trust	-	-	-	-	8,107	8,107
STAR Ohio Investment Trust	-	-	-	-	231	231
Agency Funds:						
Holding and Distribution	-	18,911	-	-	-	18,911
Centralized Child Support Collections	60,970	-	-	-	-	60,970
Retirement Systems	-	-	-	167,700,462	-	167,700,462
Payroll Withholding and Fringe Benefits	-	-	100,921	-	-	100,921
Other	-	411,896	-	19,595	140,431	571,922
Total Fiduciary Activities	$ 60,970	$ 430,807	$ 100,921	$ 167,720,057	$ 148,838	$ 168,461,593

Major Component Units - Refund and Other Liabilities

	Refund and Security Deposits	Compensated Absences	Capital Leases	Obligations Under Annuity Life Agreements	Other	Total
Ohio State University	$ 51,022	$ 124,687	$ 11,209	$ 39,518	$ 146,980	$ 373,416
University of Cincinnati	32,308	60,894	106,500	-	8,731	208,433

NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

A. Interfund Balances

Interfund balances, as of June 30, 2011, consist of the following (in thousands):

	Due To			
	Governmental Activities			
Due from	General	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total
Major Governmental Funds:				
General	$ 104,991	$ 872,671	$ 986	$ 978,648
Business-Type Activities:				
Nonmajor Proprietary Funds	3,255	-	-	3,255
Total Primary Government	$108,246	$872,671	$986	$981,903

	Business-Type Activities			
	Major Proprietary Fund			
Due from	Workers' Compensation	Nonmajor Proprietary Funds	Total	Total Primary Government
Major Governmental Funds:				
General	$507,441	$10,675	$518,116	$1,496,764
Job, Family, Other Human Services	13,798	-	13,798	13,798
Nonmajor Governmental Funds	186,911	2	186,913	186,913
Total Governmental Activities	708,150	10,677	718,827	1,697,475
Business-Type Activities:				
Major Proprietary Funds:				
Lottery Commission	2,891	-	2,891	2,891
Nonmajor Proprietary Funds	10,919	-	10,919	14,174
Total Business-Type Activities	13,810	-	13,810	17,065
Total Primary Government	$721,960	$10,677	$732,637	$1,714,540

Interfund balances result from the time lag between dates that 1.) interfund goods and services are provided or reimbursable expenditures/expenses occur, 2.) transactions are recorded in the accounting system, and 3.) payments between funds are made.

The State's primary government is permitted to pay its workers' compensation liability on a terminal-funding (pay-as-you-go) basis. As a result, the Workers' Compensation Enterprise Fund recognized $722 million as an interfund receivable for the unbilled premium due for the primary government's share of the Bureau's actuarially determined liability for compensation. In the Statement of Net Assets, the State includes the liability totaling $715.6 million in the internal balance reported for governmental activities.

NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS (Continued)

B. Interfund Transfers

Interfund transfers, for the fiscal year ended of June 30, 2011, consist of the following (dollars in thousands):

	Transferred to			
	Governmental Activities			
	Major Governmental Funds			
Transferred from	General	Job, Family & Other Human Services	Nonmajor Govern-mental Funds	Total
Major Governmental Funds:				
General	$ -	$ 16,773	$ 1,518,627	$1,535,400
Job, Family and Other Human Services	1,923	-	9	1,932
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	13,836	-	273	14,109
Nonmajor Governmental Funds	297,714	26	196,471	494,211
Total Governmental Activities	313,473	16,799	1,715,380	2,045,652
Major Proprietary Funds:				
Workers' Compensation	8,189	-	5,120	13,309
Lottery Commission	335	-	738,810	739,145
Unemployment Compensation	609	8,190	-	8,799
Nonmajor Proprietary Funds	154,812	-	68,379	223,191
Total Business-Type Activities	163,945	8,190	812,309	984,444
Total Primary Government	$477,418	$24,989	$2,527,689	$3,030,096

	Business-Type Activities			
	Major Proprietary Funds			
Transferred from	Unemployment Compensation	Nonmajor Proprietary Funds	Total	Total Primary Government
Major Governmental Funds:				
General	$8,000	$30,893	$38,893	$1,574,293
Job, Family and Other Human Services	-	-	-	1,932
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	-	-	14,109
Nonmajor Governmental Funds	-	-	-	494,211
Total Governmental Activities	8,000	30,893	$38,893	2,084,545
Major Proprietary Funds:				
Workers' Compensation	-	-	-	13,309
Lottery Commission	-	-	-	739,145
Unemployment Compensation	-	-	-	8,799
Nonmajor Proprietary Funds	-	-	-	223,191
Total Business-Type Activities	-	-	-	984,444
Total Primary Government	$8,000	$30,893	$38,893	$3,068,989

Transfers are used to 1.) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, 2.) move receipts restricted to debt service from the funds collecting the receipts, to the debt service fund as the debt service payments become due, and 3.) utilize unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budget authorizations.

NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS (Continued)

C. Component Units

For fiscal year 2011, the component units reported $1.96 billion in state assistance revenue from the primary government in the Statement of Activities.

Included in "Primary, Secondary, and Other Education" expenses reported for the governmental activities, is the funding that the primary government provided to the School Facilities Commission for capital construction at local school districts and the eTech Ohio Commission for the acquisition of computers to benefit local schools.

Additionally, the primary government provided financial support to the colleges and universities in the form of state appropriations for instructional and non-instructional purposes and capital appropriations for construction. This assistance is included in "Higher Education Support" expenses reported for governmental activities.

The primary government also transferred bond proceeds to the School Facilities Commission to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. This assistance is included as a receivable of the Buckeye Tobacco Settlement Financing Authority for $3.83 billion and is being amortized over the projected payment period of the future tobacco settlement receipts.

Details of balances and activity reported in the government-wide financial statements between the primary government and its discretely presented component units are summarized below.

Primary Government
(dollars in thousands)

			Program Expenses for State Assistance to Component Units			
	Receivable from the Component Units	Payable to the Component Units	Primary, Secondary, and Other Education Function	Higher Education Support Function	Community and Economic Development Function	Total State Assistance to the Component Units
Major Governmental Funds:						
General	$ -	$30,779	$76,560	$1,654,758	$57,016	$1,788,334
Job, Family and Other Human Services	-	9,679	-	-	-	-
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	3,826,687	-	-	-	-	-
Nonmajor Governmental Funds	-	8,465	-	175,212	-	175,212
Total Governmental Activities	3,826,687	48,923	76,560	1,829,970	57,016	1,963,546

Component Units
(dollars in thousands)

	Receivable from the Primary Government	Payable to the Primary Government	Total State Assistance from the Primary Government
Major Component Units:			
School Facilities Commission	$ -	$3,826,687	$60,671
Ohio State University	9,216	-	508,667
University of Cincinnati	4,877	-	204,925
Nonmajor Component Units	34,830	-	1,189,283
Total Component Units	$48,923	$3,826,687	$1,963,546

NOTE 8 CAPITAL ASSETS

A. Primary Government

Capital asset activity, for the year ended June 30, 2011, reported for the primary government was as follows (dollars in thousands):

	Primary Government			
	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$1,972,225	$139,751	($29,238)	$2,082,738
Buildings	60,998	-	-	60,998
Land Improvements	1,202	37	-	1,239
Construction-in-Progress	1,745,373	459,636	(550,522)	1,654,487
Infrastructure:				
Highway Network:				
General Subsystem	8,492,573	59,263	(7,102)	8,544,734
Priority Subsystem	7,654,329	241,282	(157)	7,895,454
Bridge Network	2,843,787	120,907	(26,782)	2,937,912
Total Capital Assets Not Being Depreciated	22,770,487	1,020,876	(613,801)	23,177,562
Other Capital Assets:				
Buildings	3,627,104	42,700	(42,961)	3,626,843
Land Improvements	411,719	11,070	(6,797)	415,992
Machinery and Equipment	714,419	172,382	(58,705)	828,096
Vehicles	282,360	31,688	(15,574)	298,474
Infrastructure:				
Parks, Recreation and Natural Resources Network	79,641	19,243	-	98,884
Total Other Capital Assets at Historical Cost	5,115,243	277,083	(124,037)	5,268,289
Less Accumulated Depreciation for:				
Buildings	1,820,165	109,209	(20,551)	1,908,823
Land Improvements	223,297	16,484	(3,754)	236,027
Machinery and Equipment	518,231	59,076	(23,683)	553,624
Vehicles	163,948	22,539	(13,940)	172,547
Infrastructure:				
Parks, Recreation and Natural Resources Network	12,035	3,117	-	15,152
Total Accumulated Depreciation	2,737,676	210,425	(61,928)	2,886,173
Other Capital Assets, Net	2,377,567	66,658	(62,109)	2,382,116
Governmental Activities- Capital Assets, Net	$25,148,054	$1,087,534	($675,910)	$25,559,678

For fiscal year 2011, the State charged depreciation expense to the following governmental functions:

Governmental Activities:	**(in 000s)**
Primary, Secondary and Other Education	$1,568
Public Assistance and Medicaid	4,585
Health and Human Services	26,104
Justice and Public Protection	100,801
Environmental Protection and Natural Resources	45,377
Transportation	75,680
General Government	85,503
Community and Economic Development	6,990
Total Depreciation Expense for Governmental Activities	346,608
Gains (Losses) on Capital Asset Disposals Included in Depreciation	(136,183)
Fiscal Year 2011 Increases to Accumulated Depreciation	$210,425

NOTE 8 CAPITAL ASSETS (Continued)

As of June 30, 2011, the State considered the following governmental capital asset balances as being temporarily or permanently impaired and removed from service.

Governmental Activities (net book value):	(in 000s)
Temporarily Impaired Assets Removed from Service:	
Buildings	$34,579
Land Improvements	230
Construction-In-Progress	2,280
Total	$37,089

	Primary Government (Continued)			
	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$11,994	$ -	$ -	$11,994
Total Capital Assets Not Being Depreciated	11,994	-	-	11,994
Other Capital Assets:				
Buildings	225,867	1,507	(295)	227,079
Land Improvements	66	-	-	66
Machinery and Equipment	141,417	8,721	(9,047)	141,091
Vehicles	4,649	542	(330)	4,861
Total Other Capital Assets at Historical Cost	371,999	10,770	(9,672)	373,097
Less Accumulated Depreciation for:				
Buildings	145,077	7,424	(461)	152,040
Land Improvements	55	1	-	56
Machinery and Equipment	53,893	24,823	(8,960)	69,756
Vehicles	2,522	657	(242)	2,937
Total Accumulated Depreciation	201,547	32,905	(9,663)	224,789
Other Capital Assets, Net	170,452	(22,135)	(9)	148,308
Business-Type Activities - Capital Assets, Net	$182,446	($22,135)	($9)	$160,302

For fiscal year 2011, the State charged depreciation expense to the following business-type functions:

Business-Type Activities	(in 000s)
Workers' Compensation	$11,179
Lottery Commission	20,088
Tuition Trust Authority	55
Liquor Control	383
Underground Parking Garage	442
Office of Auditor of State	563
Total Depreciation Expense for Business-Type Activities	32,710
Gains (Losses) on Capital Asset Disposals Included in Depreciation	195
Fiscal year 2011 Increase to Accumulated Depreciation	$32,905

NOTE 8 CAPITAL ASSETS (Continued)

B. Major Component Units

Capital asset activity, for the year ended June 30, 2011, reported for discretely presented major component unit funds with significant capital asset balance was as follows (dollars in thousands):

	Major Component Units			
	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Ohio State University:				
Capital Assets Not Being Depreciated:				
Land	$73,926	$87	$ -	$74,013
Construction-in-Progress	273,226	262,682	-	535,908
Total Capital Assets Not Being Depreciated	347,152	262,769	-	609,921
Other Capital Assets:				
Buildings	3,939,159	86,882	(5,453)	4,020,588
Land Improvements	281,996	27,301	-	309,297
Machinery, Equipment and Vehicles	922,719	96,928	(55,591)	964,056
Library Books and Publications	163,012	4,755	(8,226)	159,541
Total Other Capital Assets at Historical Cost	5,306,886	215,866	(69,270)	5,453,482
Less Accumulated Depreciation for:				
Buildings	1,517,655	132,094	(5,453)	1,644,296
Land Improvements	172,316	10,018	-	182,334
Machinery, Equipment and Vehicles	584,558	93,763	(50,182)	628,139
Library Books and Publications	148,375	3,476	(8,227)	143,624
Total Accumulated Depreciation	2,422,904	239,351	(63,862)	2,598,393
Other Capital Assets, Net	2,883,982	(23,485)	(5,408)	2,855,089
Total Capital Assets, Net	$3,231,134	$239,284	($5,408)	$3,465,010
University of Cincinnati:				
Capital Assets Not Being Depreciated:				
Land	$25,100	$4,788	$ -	$29,888
Construction-in-Progress	46,174	74,661	(18,025)	102,810
Collections of Works of Art and Historical Treasures	14,626	390	-	15,016
Total Capital Assets Not Being Depreciated	85,900	79,839	(18,025)	147,714
Other Capital Assets:				
Buildings	1,851,067	66,111	-	1,917,178
Land Improvements	99,979	8,627	-	108,606
Machinery, Equipment and Vehicles	247,395	24,040	(6,229)	265,206
Library Books and Publications	154,282	8,594	(2,389)	160,487
Infrastructure	115,855	753	-	116,608
Total Other Capital Assets at Historical Cost	2,468,578	108,125	(8,618)	2,568,085
Less Accumulated Depreciation for:				
Buildings	764,091	71,792	-	835,883
Land Improvements	31,221	5,207	-	36,428
Machinery, Equipment and Vehicles	167,620	18,877	(4,212)	182,285
Library Books and Publications	112,111	8,349	(1,720)	118,740
Infrastructure	60,822	4,531	-	65,353
Total Accumulated Depreciation	1,135,865	108,756	(5,932)	1,238,689
Other Capital Assets, Net	1,332,713	(631)	(2,686)	1,329,396
Total Capital Assets, Net	$1,418,613	$79,208	($20,711)	$1,477,110

For fiscal year 2011, Ohio State University and the University of Cincinnati reported approximately $239.4 million and $108.8 million in depreciation expense, respectively.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

All part-time and full-time employees and elected officials of the State, including its component units, are eligible to be covered by one of the following retirement plans:

- Ohio Public Employees Retirement System
- State Teachers Retirement System of Ohio
- State Highway Patrol Retirement System
- Alternative Retirement Plan

A. Ohio Public Employees Retirement System (OPERS)
Pension Benefits
OPERS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan.

As established under Chapter 145, Ohio Revised Code, OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and survivor and death benefits to plan members and beneficiaries enrolled in the defined benefit and combined plans.

Most employees who are members of OPERS and who have fewer than five total years of service credit as of December 31, 2002, and new employees hired on or after January 1, 2003, are eligible to select one of the OPERS retirement plans, as listed above, in which they wish to participate. Members not eligible to select a plan include law enforcement officers, (who must participate in the defined benefit plan), college and university employees who choose to participate in one of the university's alternative retirement plans (see NOTE 9D), and re-employed OPERS retirees. Participants may change their selection once prior to attaining five years of service credit, once after attaining five years of service credit but prior to attaining ten years of service credit, and once after attaining ten years of service credit.

Regular employees who participate in the defined benefit plan or the combined plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years or 60 contributing months of credited service. Regular employees retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Law enforcement employees may retire at age 48 with 25 or more years of credited service.

The retirement allowance for the defined benefit plan is calculated on the basis of age, years of credited service, and the final average salary, which is the average of the member's three highest years of earnable salary. The annual allowance for regular employees is determined by multiplying the final average salary by 2.2 percent for each year of Ohio contributing service up to 30 years and by 2.5 percent for all other years in excess of 30 years of credited service. The annual allowance for law enforcement employees is determined by multiplying the final average salary by 2.5 percent for the first 25 years of Ohio contributing service, and by 2.1 percent for each year of service over 25 years. Retirement benefits increase three percent annually of the original base amount regardless of changes in the Consumer Price Index.

The retirement allowance for the defined benefit portion of the combined plan is calculated on the basis of age, years of credited service, and the final average salary, which is the average of the member's three highest years of earnable salary. The annual allowance for regular employees is determined by multiplying the final average salary by one percent for each year of Ohio contributing service up to 30 years and by 1.25 percent for all other years in excess of 30 years of credited service. Retirement benefits for the defined benefit portion of the plan increase three percent annually of the original base amount regardless of changes in the Consumer Price Index. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Regular employees who participate in the defined contribution plan may retire after they reach the age of 55. The retirement allowance for the defined contribution plan is based entirely on the total member and vested employer contributions to the plan, plus or minus any investment gains or losses. Employer contributions vest at a rate of 20 percent per year over a five-year vesting period. Retirees may choose from various payment options including monthly annuities, partial lump-sum payments, payments for a guaranteed period, payments for a specific monthly amount, or various combinations of these options. Participants direct the investment of their accounts by selecting from sixteen professionally managed OPERS investment options.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirees covered under any one of the three OPERS plan options may also choose to take part of their retirement benefit in a Partial Lump-Sum Option Plan (PLOP). Under this option, the amount of the monthly pension benefit paid to the retiree is actuarially reduced to offset the amount received initially under the PLOP. The amount payable under the PLOP cannot be less than six times or more than 36 times the monthly amount that would be payable to the member under the plan of payment selected, and cannot result in a monthly allowance that is less than 50 percent of that monthly amount.

Employer and employee required contributions to OPERS are established by the Retirement Board and are within the limits authorized by the Ohio Revised Code. The contribution rates are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuaries. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for regular employees and 18.1 percent of covered payroll for law enforcement employees. Contribution rates for fiscal year 2011, which are the same for the defined benefit, defined contribution, and combined plans, were as follows:

	Contribution Rates	
	Employee Share	Employer Share
Regular Employees:		
July 1, 2010 through June 30, 2011	10.00%	14.00%
Law Enforcement Employees:		
July 1, 2010 through December 31, 2010	11.10%	17.87%
January 1, 2011 through June 30, 2011	11.60%	18.10%

In the combined plan, the employer's share finances the defined benefit portion of the plan, while the employee's share finances the defined contribution portion of the plan. In the defined contribution plan, both the employee and employer share of the costs are used to finance the plan.

Employer contributions required and made for the last three years for the defined benefit plan and the defined benefit part of the combined plan were as follows (dollars in thousands):

	2011	2010	2009
Primary Government:			
Regular Employees	$267,671	$241,734	$ 216,623
Law Enforcement Employees	4,235	3,889	3,708
Total	$271,906	$245,623	$ 220,331
Major Component Units:			
School Facilities Commission	$378	$345	$303
Ohio Water Development Authority	101	155	80
Ohio State University	97,145	85,332	67,273
University of Cincinnati	14,767	13,814	11,950

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan were as follows (dollars in thousands):

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

	2011	2010	2009
Primary Government:			
Employer Contributions	$6,037	$5,085	$4,762
Employee Contributions	12,825	11,114	10,672
Major Component Units:			
Ohio State University:			
Employer Contributions ..	2,942	2,427	2,139
Employee Contributions .	6,864	5,871	5,288
University of Cincinnati:			
Employer Contributions ..	420	372	335
Employee Contributions .	921	812	775

OPERS issues a stand-alone financial report, copies of which may be obtained by making a written request to: Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Other Postemployment Benefits (OPEB)
OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the defined benefit and combined plans. Members of the defined contribution plan do not qualify for ancillary benefits, including post-employment healthcare coverage.

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the defined benefit and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement healthcare benefits.

Employer contribution rates are expressed as a percentage of covered payroll of active members. For fiscal year 2011, state employers contributed at a rate of 14 percent of covered payroll and law enforcement employers contributed at 17.87 percent for the period July 1, 2010, through December 31, 2010, and at 18.1 percent for the period January 1, 2011, through June 30, 2011. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for regular employees and 18.1 percent of covered payroll for law enforcement employees. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment healthcare benefits. The contribution rates for regular and law enforcement employees were as follows:

	Employer Share	
	Defined Benefit Plan	Combined Plan
July 1, 2010 through December 31, 2010	5.00%	4.23%
January 1, 2011 through June 30, 2011	4.00%	6.05%

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions required and made for the last three fiscal years for the defined benefit plan and the defined benefit portion of the combined plan were as follows (dollars in thousands):

	2011	2010	2009
Primary Government:			
Regular Employees	$128,257	$148,549	$196,410
Law Enforcement Employees	1,426	1,694	2,288
Total	$129,683	$150,243	$198,698
Major Component Units:			
School Facilities Commission	$178	$212	$271
Ohio Water Development Authority	58	65	72
Ohio State University	45,894	52,407	60,263
University of Cincinnati	6,977	8,486	10,709

Members of the defined contribution plan may access a Retiree Medical Account upon retirement. During fiscal year 2011, employers paid 4.5 percent of their share into members' accounts. An employee's interest in the medical account for qualifying healthcare expenses vests on the basis of length of service, with 100 percent vesting attained after five years of credited service. Employers make no further contributions to a member's medical account after retirement, nor do employers have any further obligation to provide postemployment healthcare benefits.

Employer contributions required and made for the last three fiscal years for the defined contribution plan were as follows (dollars in thousands):

	2011	2010	2009
Primary Government	$3,112	$2,621	$2,454
Major Component Units:			
Ohio State University	1,516	1,251	1,103
University of Cincinnati	216	192	172

The number of active contributing participants for the primary government was 55,043, as of June 30, 2011.

The Health Care Preservation Plan adopted by the OPERS Retirement Board on September 9, 2004, became effective on January 1, 2007. Member and employer contribution rates increased as of January 1, of each year from 2006 to 2008. Rates for law enforcement employees increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

Early Retirement Incentives (ERI)
State agencies, or departments within agencies, may offer voluntary ERI under Section 145.297, Ohio Revised Code. Through the ERI Program, the State can offer to purchase up to a maximum of five years worth of service credit from OPERS on behalf of employees who would then meet the age and service requirements to qualify for retirement. The ERI plan must remain in effect for at least one year and the employees must be given at least thirty days' notice before terminating the plan.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

State agencies are also required under Section 145.298, Ohio Revised Code, to offer a generally similar ERI when terminating a number of employees that equals or exceeds the lesser of 350 employees or 40 percent of the agency's workforce, as a result of a closure of the agency or a lay-off within a six-month period. Under these circumstances, qualifying employees must decide whether to accept the offer in the time between the announcement of the layoffs and the effective date. The amount of service credit offered cannot exceed five years.

The ERI agreements establish an obligation to pay specific amounts on fixed dates. State agencies that implement an ERI must pay their obligation to OPERS within a maximum of two years after the agreement is finalized, so the State does not discount the amount of the liability incurred under the agreement.

As of June 30, 2011, the State had no significant liability balances relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2011, the State incurred expenditures/expenses totaling $5.3 million for 154 employees who entered into ERI agreements with the State.

B. State Teachers Retirement System of Ohio (STRS)
Pension Benefits
STRS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan. STRS benefits are established under Chapter 3307, Ohio Revised Code.

STRS also provides death, survivors', disability, healthcare, and supplemental benefits to members in the defined benefit and combined plans.

Participants in the defined benefit plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years of credited service. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Retirees are entitled to a maximum annual retirement benefit, payable in monthly installments for life, equal to the greater of the "formula benefit" calculation or the "money-purchase benefit" calculation.

Under the "formula benefit" calculation, the retirement allowance is based on years of credited service and the final average salary, which is the average of the member's three highest salary years. The annual allowance is determined by multiplying the final average salary by 2.2 percent for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1 percent, starting at 2.5 percent for the 31st year of contributing service up to a maximum allowance of 100 percent of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5 percent, and each year over 31 years is incrementally increased by .1 percent starting at 2.6 percent for the 32nd year.

Under the "money-purchase benefit" calculation, a member's lifetime contributions, plus interest at specified rates, are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by three percent of the original base amount.

Retirees can also choose a "partial lump-sum" option plan. Under this option, retirees may take a lump-sum payment that equals from six to 36 times their monthly service retirement benefit. Subsequent monthly benefits are reduced proportionally.

Employees hired after July 1, 2001, and those with less than five years of service credit at that date, may choose to participate in the combined plan or the defined contribution plan, in lieu of participation in the defined benefit plan.

Participants in the defined contribution plan are eligible to retire at age 50. Employee and employer contributions are placed into individual member accounts, and members direct the investment of their accounts by selecting from various professionally managed investment options. Retirees may choose to receive either a lump-sum distribution or a monthly annuity for life. Employer contributions become vested after one year of service, while employee contributions vest immediately.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Participants in the combined plan may start to collect the defined benefit portion of the plan at age 60. The annual allowance is determined by multiplying the final average salary by one percent for each year of Ohio contributing service credit. Participants in the combined plan may also participate in the partial lump-sum option plan, as described previously, for the portion of their retirement benefit that is provided through the defined benefit portion of the plan. The defined contribution portion of the plan may be taken as a lump sum or as a lifetime monthly annuity at age 50.

A retiree of STRS or any other Ohio public retirement system is eligible for re-employment as a teacher after two months from the date of retirement. Members and the employer make contributions during the period of re-employment. Upon termination or the retiree reaches the age of 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Alternatively, the retiree may receive a refund of member contributions with interest before age 65, once employment is terminated.

Employer and employee required contributions to STRS are established by the Board and limited under the Ohio Revised Code to employer and employee rates of 14 percent and ten percent, respectively, and are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuary.

Contribution rates for fiscal year 2011 were 14 percent for employers and ten percent for employees for the defined benefit, defined contribution, and combined plans. For the defined benefit and combined plans, 13 percent of the employer rate is used to fund pension obligations. For the defined contribution plan, 10.5 percent of the employer's share is deposited into individual employee accounts, while 3.5 percent is paid to the defined benefit plan.

Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2011	2010	2009
Primary Government	$6,571	$8,101	$7,498
Major Component Units:			
Ohio State University	41,446	39,969	38,355
University of Cincinnati	15,599	15,274	14,609

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan follow (dollars in thousands):

	2011	2010	2009
Primary Government:			
Employer Contributions	$102	$106	$98
Employee Contributions	132	177	163
Major Component Units:			
Ohio State University:			
Employer Contributions	3,679	3,290	3,155
Employee Contributions	4,168	3,785	3,633
University of Cincinnati:			
Employer Contributions	993	926	885
Employee Contributions	1,222	1,158	1,107

STRS issues a stand-alone financial report, copies of which may be obtained by making a written request to: State Teachers Retirement System of Ohio, Attention: Chief Financial Officer, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org .

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Other Postemployment Benefits (OPEB)
Ohio law authorizes STRS to offer a cost-sharing, multiple-employer healthcare plan. STRS provides access to healthcare to eligible retirees who participate in the defined benefit plan or combined plan. Benefits include hospitalization, physician's fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Retirees enrolled in the defined contribution plan receive no post-employment healthcare benefits.

Chapter 3307, Ohio Revised Code, gives the STRS board discretionary authority over how much, if any, of associated healthcare costs are absorbed by the healthcare plan. All benefit recipients, for the most recent year, pay a portion of the healthcare costs in the form of a monthly premium.

Under Ohio law, funding for the post-employment healthcare may be deducted from employer contributions. Of the 14 percent employer contribution rate, one percent of the covered payroll was allocated to post-employment healthcare. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 2010 (the most recent information available), net assets available for future healthcare benefits were $2.8 billion. Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2011	2010	2009
Primary Government	$505	$623	$577
Major Component Units:			
Ohio State University	3,188	3,075	2,950
University of Cincinnati	1,200	1,175	1,124

The number of eligible benefit recipients for STRS as a whole was 150,480, as of June 30, 2010 (the most recent information available); a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 2011, is unavailable.

C. State Highway Patrol Retirement System (SHPRS)
SHPRS, a component unit of the State, was established in 1944 by the General Assembly as a single-employer, defined benefit pension plan and is administered by the State.

The plan issues a stand-alone financial report that includes financial statements and required supplementary information, and the State reports the plan as a pension trust fund. Copies of the financial report may be obtained by writing to the Ohio State Highway Patrol Retirement System, 6161 Busch Blvd., Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 431-0781 or (800) 860-2268.

SHPRS is authorized under Chapter 5505, Ohio Revised Code, to provide retirement and disability benefits to retired members and survivor benefits to qualified dependents of deceased members of the Ohio State Highway Patrol. In addition to providing pension benefits, SHPRS is authorized by Chapter 5505, Ohio Revised Code, to provide a post-employment healthcare plan, which is considered to be an other post-employment benefit.

Chapter 5505, Ohio Revised Code, requires contributions by active members and the Ohio State Highway Patrol. The employer and employee contribution rates are established by the General Assembly, and any change in the rates requires legislative action. By law, the employer rate may not exceed three times the employee contribution rate, nor be less than nine percent of the total salaries of contributing members.

SHPRS' financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred and revenues are recorded when they are earned and become measureable.

All investments are reported at fair value. Fair value is "the amount that the plan can reasonably expect to receive for an investment in a current sale, between a willing buyer and a willing seller – that is, other than in a forced or liquidation sale."

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Securities traded on a national exchange are valued at the last reported sales price at the current exchange rate. The fair value of real estate and private equity investments are based on independent appraisals. For actuarial purposes, assets are valued with a method that amortizes the difference between actual and assumed return over a closed, four-year period.

Employees are eligible for pension and healthcare benefits upon reaching both an age and service requirement. Employees with at least 15 years of service credit, but less than 20 years of service credit, may retire at age 55. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48.

The pension benefit is a percentage of the member's final average salary, which is the average of the member's three highest salary years. For members with at least 15 years of service credit, but less than 20 years of service credit, the percentage is determined by multiplying 1.5 percent times the number of years of service credit. For members with 20 or more years of service credit, the percentage is determined by multiplying 2.5 percent for the first 20 years of service, plus 2.25 percent for the next five years of service, plus two percent for each year in excess of 25 years of service. A member's pension may not exceed 79.25 percent of the final average salary.

Pension Benefits
The employer and employee contribution rates, as of December 31, 2010, were 26.5 percent and ten percent, respectively.

During calendar year 2010, all of the employees' contributions funded pension benefits while 23 percent of the employer's contributions funded pension benefits. The difference in the total employer rates charged and the employer rates applicable to the funding of pension benefits is applied to the funding of postemployment healthcare benefits.

The State's annual pension cost and net pension obligation to SHPRS for the current year were as follows (dollars in thousands):

Annual Required Contribution (ARC)	$22,872
Interest on Net Pension Obligation	206
Adjustment to ARC	(146)
Annual Pension Cost	22,932
Contributions Made	(21,212)
Increase (Decrease) in Net Pension Obligation	1,720
Net Pension Obligation, Beginning of Year	2,579
Net Pension Obligation, End of Year	$4,299

The State's annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual Pension Cost	Percentage of Employer's Annual Pension Cost Contributed	Net Pension Obligation
2010	$22,932	92.5%	$4,298
2009	20,048	102.0%	2,578
2008	21,268	95.5%	2,985

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

As of December 31, 2010, the most recent actuarial valuation date, the plan was 62 percent funded. The actuarial accrued liability was $1.02 billion, and the actuarial value of assets was $631 million, resulting in an unfunded actuarial accrued liability (UAAL) of $386.8 million. The covered payroll (annual payroll of active employees covered by the plan) was $94.8 million, and the ratio of the UAAL to the covered payroll was 408.2 percent.

The Schedule of Funding Progress for Pension Benefits, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years-Pension
(dollars in thousands)

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2010	$1,017,770	$630,971	$386,799	62.0%	$94,768	408.2%
2009	940,084	620,357	319,727	66.0%	94,825	337.2%
2008	904,522	603,266	301,256	66.7%	94,302	319.5%

SHPRS used the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2010. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: an eight-percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to ten percent attributable to seniority and merit; price inflation was assumed to be at least four percent a year; and postretirement increases each year equal to three percent after the retiree reaches age 53. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for pension benefits. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period. Based upon significant declines in investment values during 2008, the SHPRS actuary was unable to amortize unfunded actuarially accrued pension liabilities over a finite period. Without plan design changes, the system is unlikely to be able to pay off future liabilities.

Other Post Employment Benefits (OPEB)
The healthcare coverage provided by SHPRS is considered to be an OPEB as described in GASB Statement 45. Healthcare benefits are not guaranteed and are subject to change at any time. The OPEB valuation is based on the substantive plan as it is currently presented to plan members, including a historical pattern of cost-sharing between the plan and benefit recipients.

During calendar year 2010, 3.5 percent of the employer's contributions funded healthcare benefits. Active members do not make contributions to the OPEB plan. The cost of retiree healthcare benefits is recognized as claims incurred and premiums paid. The number of active contributing plan participants, as of December 31, 2010, was 1,537.

The State's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the State's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the State's net OPEB obligation to SHPRS were as follows (dollars in thousands):

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual Required Contribution (ARC)	$16,365
Interest on Net OPEB Obligation	2,745
Adjustment to ARC	(3,718)
Annual OPEB Cost	15,392
Contributions Made	(3,700)
Increase (Decrease) in Net OPEB Obligation	11,692
Net OPEB Obligation, Beginning of Year	54,901
Net OPEB Obligation, End of Year	$66,593

The State's annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$15,392	24.0%	$66,593
2009	19,081	24.8%	54,900
2008	18,872	25.1%	40,550

As of December 31, 2010, the most recent actuarial valuation, the plan was 25.7 percent funded. The actuarial accrued liability was $406.9 million, and the actuarial value of assets was $104.7 million, resulting in an unfunded actuarial liability (UAAL) of $302.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $94.8 million, and the ratio of the UAAL to the covered payroll was 318.8 percent.

The Schedule of Funding Progress for OPEB, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years – OPEB
(dollars in thousands)

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2010	$406,864	$104,738	$302,126	25.7%	$94,768	318.8%
2009	287,582	100,748	186,834	35.0%	94,825	197.0%
2008	324,171	95,785	228,386	29.5%	94,302	242.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarial determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Healthcare benefits are advance funded by the employer using the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2010, for OPEB. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a five percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from .3 percent to 10 percent a year attributable to seniority and merit; and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of four percent by 2021. There are no cost-of-living adjustments for OPEB benefits. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for OPEB benefits.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years.

D. Alternative Retirement Plan (ARP)
Pension Benefits
The ARP is a defined contribution retirement plan that is authorized under Section 3305.02, Ohio Revised Code. The ARP provides at least three or more alternative retirement plans for academic and administrative employees of Ohio's institutions of higher education, who otherwise would be covered by OPERS or STRS. Unclassified civil service employees hired on or after August 1, 2005, are also eligible to participate in the ARP.

The Board of Trustees of each public institution of higher education enters into contracts with each approved retirement plan provider. Once established, full-time faculty and unclassified employees who are hired subsequent to the establishment of the ARP, or who had less than five years of service credit under the existing retirement plans, may choose to enroll in the ARP. The choice is irrevocable for as long as the employee remains continuously employed in a position for which the ARP is available. For those employees that choose to join the ARP, any prior employee contributions that had been made to OPERS or STRS would be transferred to the ARP. The Ohio Department of Insurance has designated the companies that are eligible to serve as plan providers for the ARP.

Ohio law requires that employee contributions be made to the ARP in an amount equal to those that would otherwise have been required by the retirement system that applies to the employee's position. These contribution rates are ten percent for OPERS and STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2011, each public institution of higher education was required to contribute .8 percent of a participating employee's salary to OPERS in cases when the employee would have otherwise been enrolled in OPERS.

Ohio law also requires each public institution of higher education to contribute 3.5 percent of a participating employee's gross salary, for the year ended June 30, 2011, to STRS in cases when the employee would have otherwise been enrolled in STRS.

The employer contribution amount is subject to actuarial review every third year to determine if the rate needs to be adjusted to mitigate any negative financial impact that the loss of contributions may have on OPERS and STRS. The Board of Trustees of each public institution of higher education may also make additional payments to the ARP based on the gross salaries of employees multiplied by a percentage the respective Board of Trustees approves.

The ARP provides full and immediate vesting of all contributions made on behalf of participants. The contributions are directed to one of the investment management companies as chosen by the participants. The ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement healthcare benefits, or death benefits. Benefits are entirely dependent on the sum of the contributions and related investment income generated by each participant's choice of investment options.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the State's discretely presented major component units, employer and employee contributions required and made for the year ended June 30, 2011, for the ARP follow (dollars in thousands):

	OPERS	STRS
Major Component Units:		
Ohio State University:		
Employer Contributions	$22,371	$18,463
Employee Contributions	16,910	17,584
University of Cincinnati:		
Employer Contributions	7,465	4,827
Employee Contributions	6,616	6,130

NOTE 10 GENERAL OBLIGATION BONDS

At various times since 1921, Ohio voters, by 19 constitutional amendments (the last adopted May 2010 for research and development programs in support of Ohio industry, commerce, and business), have authorized the incurrence of general obligation debt for the construction and improvement of common school and higher education facilities, highways, local infrastructure improvements, research and development of coal technology, natural resources, research and development support for high-tech business, business site development, and veterans compensation. Issuances for highway capital improvements, natural resources, and conservation are, in part, used for acquisition, construction or improvement of capital assets. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1999 constitutional amendment provided for the issuance of Common School Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2011, the General Assembly had authorized the issuance of $3.87 billion in Common Schools Capital Facilities Bonds, of which $3.29 billion has been issued. As of June 30, 2011, the General Assembly had also authorized the issuance of $2.61 billion in Higher Education Capital Facilities Bonds, of which $2.3 billion has been issued.

Through the approval of the November 1995 amendment, voters authorized the issuance of Highway Capital Improvements Bonds in amounts up to $220 million in any fiscal year (plus any prior fiscal years' principal amounts not issued under the new authorization), with no more than $1.2 billion outstanding at any time. As of June 30, 2011, the General Assembly has authorized the issuance of approximately $2.77 billion in Highway Capital Improvements Bonds, of which $2.29 billion has been issued.

Constitutional amendments in 1995 and 2005 allowed for the issuance of $3.75 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Issuances are limited to $120 million in any fiscal year through fiscal year 2013, with an increase in the annual issuance amount to $150 million for fiscal years 2014 through 2018. As of June 30, 2011, the General Assembly had authorized $3.15 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which $2.88 billion had been issued (net of $214 million in unaccreted discounts at issuance).

Coal Research and Development Bonds and Parks, Recreation, and Natural Resources Bonds may be issued as long as the outstanding principal amounts do not exceed $100 and $200 million, respectively. As of June 30, 2011, the General Assembly had authorized the issuance of $231 million in Coal Research and Development Bonds, of which $198 million had been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled $350 million, as of June 30, 2011, of which $325 million had been issued.

Constitutional amendments in 2000 and 2008 allowed for outstanding Conservation Projects Bonds of up to $400 million. No more than $50 million may be issued during a fiscal year. As of June 30, 2011, the General Assembly had authorized the issuance of approximately $300 million in Conservation Projects Bonds of which all $300 million had been issued.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Through approval of the May 2010 and November 2005 amendments, voters authorized the issuance of $1.2 billion of Third Frontier Research and Development Bonds. Obligations that may be issued are limited to $450 million for fiscal years 2006 through 2011, $225 million in fiscal year 2012, and $175 million in any fiscal year thereafter, plus any obligations unissued from previous fiscal years. As of June 30, 2011, the General Assembly had authorized the issuance of $450 million in Third Frontier Research and Development Bonds, of which $381 million had been issued.

The issuance of $150 million of Site Development Bonds was also authorized through the approval of the November 2005 amendment. Not more than $30 million may be issued in each of the first three years, beginning with fiscal year 2006, and not more than $15 million may be issued in any of the subsequent fiscal years. The General Assembly had authorized the issuance of $150 million in Site Development Bonds as of June 30, 2011, of which $115 million had been issued.

A 2009 constitutional amendment provides for the issuance of up to $200 million in Veterans Compensation Bonds. No obligations may be issued after December 31, 2013. As of June 30, 2011, the General Assembly had authorized all $200 million in Veterans' Compensation Bonds, of which $50 million had been issued.

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2011, are presented in the table below. For the variable-rate bonds, using the assumption that current interest rates remain the same over their term, the interest and net swap payment amounts are based on rates as of June 30, 2011. As rates vary, variable-rate bond interest payments and net swap payments vary.

Primary Government-Governmental Activities
Summary of General Obligation Bonds
and Future Funding Requirements
As of June 30, 2011
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Common Schools Capital Facilities	2002-11	1.8%-5.5%	2027	$2,669,081	$580,000
Higher Education Capital Facilities	2002-11	1.4%-5.5%	2031	1,825,394	313,000
Highway Capital Improvements	2003-11	2.0%-5.3%	2025	780,497	482,000
Infrastructure Improvements	1992-11	1.8%-6.1%	2031	1,724,859	270,014
Coal Research and Development	2002-10	2.0%-4.3%	2020	22,505	33,000
Natural Resources Capital Facilities	2002-10	2.0%-5.0%	2024	133,048	25,000
Conservation Projects	2002-11	2.0%-5.3%	2026	237,127	-
Third Frontier Research and Development	2007-11	.7%-5.5%	2021	326,696	69,300
Site Development	2007-11	2.0%-5.3%	2021	103,069	35,000
Veterans' Compensation	2011	1.0%-5.0%	2025	50,000	150,000
Total General Obligation Bonds				$7,872,276	$1,957,314

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Future Funding of Current Interest and Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2012	$538,770	$321,279	$860,049
2013	577,930	291,244	869,174
2014	583,150	265,416	848,566
2015	546,020	239,306	785,326
2016	523,330	215,013	738,343
2017-2021	2,439,255	745,821	3,185,076
2022-2026	1,483,825	246,177	1,730,002
2027-2031	324,425	36,513	360,938
Total Current Interest and Capital Appreciation Bonds	$7,016,705	$2,360,769	$9,377,474

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2012	$19,230	$11,048	$11,199	$41,477
2013	18,125	10,633	10,947	39,705
2014	36,045	10,122	10,688	56,855
2015	51,895	9,086	10,270	71,251
2016	62,410	7,767	9,682	79,859
2017-2021	283,155	20,773	36,330	340,258
2022-2026	179,855	5,403	9,041	194,299
Total Variable-Rate Bonds	$650,715	$74,832	$98,157	$823,704

Total General Obligation Bonds	$7,667,420
Unamortized Premium/(Discount), Net	323,301
Deferred Refunding Loss	(118,445)
Total	$7,872,276

For the year ended June 30, 2011, NOTE 15 summarizes changes in general obligation bonds.

Hedging Derivatives

As of June 30, 2011, approximately $345.9 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of ($36.7) million. The value of these bonds is reported as part of the Bonds and Notes Payable section and the negative fair value of the cash flow hedges is reported in the Other Noncurrent Liabilities section on the Statement of Net Assets. The fair value increased $6.1 million during fiscal year 2011. This increase is reported on the Statement of Net Assets as part of Deferred Outflows of Resources. Fair value of the cash flow hedges is determined using the zero-coupon method.

Terms and objectives of the State's hedging derivatives are provided in the following table.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Hedging Derivatives
As of June 30, 2011
(dollars in thousands)

Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Swap Rate at 06/30/2011	State's Swap Rate at 06/30/2011	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate swap	$63,900	SIFMA Index	0.09%	4.63%	11/29/2001	8/1/2021
Objective: Convert Series 2001B variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Embedded Option: The counterparties may elect to terminate the swap if the SIFMA index averages 7 percent or higher over a 180-day period. Credit Quality Ratings of Counterparty: 50% Aa1/AA- JPMorgan Chase; 50% A2/A Morgan Stanley Capital Services							
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate swap	$55,295	LIBOR (See terms below)	0.37%	3.51%	3/3/2004	2/1/2023
Objective: Convert Series 2004A variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: A2/A Morgan Stanley Capital Services Terms: 63% of LIBOR + 25 basis points							
Common Schools, Series 2003D	Pay-fixed interest rate swap	$67,000	LIBOR (see terms below)	0.37%	3.41%	9/14/2007	3/15/2024
Objective: Convert Series 2003D variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: 50% Aa1/AA- JPMorgan Chase; 50% A2/A Morgan Stanley Capital Services Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate swap	$79,840	LIBOR (see terms below)	0.37%	3.20%	6/15/2006	6/15/2026
Objective: Convert Series 2006B variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: 50% Aa3/A+ UBS AG; 50% Aa1/AA- Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006C	Pay-fixed interest rate swap	$79,840	LIBOR (see terms below)	0.37%	3.20%	6/15/2006	6/15/2026
Objective: Convert Series 2006C variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: 50% Aa3/A+ UBS AG; 50% Aa1/AA- Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points							

The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2011. However, should interest rates change and the fair values of the swaps becomes positive, the State would be exposed to credit risk in the amount of the derivative's positive fair value.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Each swap counterparty is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement. This arrangement protects the State by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities held by a third-party custodian. Net payments are made on the same date, as specified in the agreements.

The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

These swaps expose the State to basis risk or a mismatch between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch would increase or decrease the interest cost paid by the State.

For Infrastructure Improvement, Series 2001B, the SIFMA municipal swap index has proven to be an effective proxy for the State's variable-rate debt and substantially mitigates basis risk.

For Infrastructure, Series 2004A and for Common Schools, Series 2003D, 2006B, and 2006C, the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities, given that the variable swap receipt is based on a taxable index (LIBOR). Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.

The State retains the right to terminate any swap agreement at the market value prior to maturity. The State has termination risk under the contracts, particularly upon the occurrence of an additional termination event (ATE), as defined in the swap agreements. An ATE occurs if either the credit rating of the bonds associated with a specific swap or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. If the swap was terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the State may be liable to the counterparty for a payment. Other termination events include failure to pay, bankruptcy, merger without assumption, and illegality. No termination events have occurred.

Advance Refundings

During fiscal year 2011, there were five advance refundings of general obligations bonds. Details on the advanced refundings are presented in the table on the following page.

Proceeds of the refunding (new) bonds are placed in irrevocable trusts to provide for all future debt service payments of the refunded (old) bonds. These refunded amounts are considered defeased and no longer outstanding. The various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements.

The State had defeased general obligation bonds from prior years and placed the proceeds in irrevocable trusts. As of June 30, 2011, the balances in these trusts for bonds defeased in prior years were $109.2 million for Infrastructure Improvement Bonds, $9.5 million for Natural Resources Bonds, $511 million for Common Schools Bonds, $39.9 million for Conservation Bonds, and $380.6 million for Higher Education Bonds.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Primary Government — Governmental Activities
General Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2011
(dollars in thousands)

Refunding Bond Issue	Date of Refunding	Amount of Refunding Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds Refunded (in substance)	Refunding Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Higher Education, Series 2010C...	10/8/2010	$98,560	2.53%	$103,210	$114,143	$12,675/13 yrs	$10,789
Common Schools, Series 2010C...	10/8/2010	129,340	2.64%	141,335	150,986	16,658/13 yrs	14,474
Infrastructure, Series 2010D.....	10/8/2010	14,950	2.23%	14,185	15,734	1,466/11 yrs	1,207
Conservation, Series 2010A.....	10/8/2010	26,120	2.08%	25,440	28,206	2,320/10 yrs	1,860
Highway Capital, Series P.....	10/20/2010	32,610	1.29%	32,000	35,639	428/ 4 yrs	422
Total		$301,580		$316,170	$344,708		$28,752

NOTE 11 REVENUE BONDS AND NOTES

The State Constitution permits state agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. These bonds pledge income derived from user fees and rentals on the acquired or constructed assets to pay the debt service. Issuers for the primary government include the Treasurer of State for the Ohio Department of Development, including its Office of Financial Incentives, and the Ohio Department of Transportation; the Ohio Building Authority (OBA), which has issued revenue bonds on its own behalf and for the Ohio Bureau of Workers' Compensation; and the Buckeye Tobacco Settlement Financing Authority (BTSFA). Major issuers for the State's component units include the Ohio Water Development Authority, the Ohio State University, and the University of Cincinnati.

A. Primary Government
Economic Development Bonds, issued by the Treasurer of State for the Office of Financial Incentive's Direct Loan Program, provide financing for loans and loan guarantees to businesses within the State for economic development projects that create or retain jobs in the State. The taxable bonds, payable through 2030, are backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control and pledged moneys and related investment earnings held in reserve under a trust agreement with a financial institution.

Revitalization Project Bonds provide financing to enable the remediation or cleanup of contaminated publicly or privately owned lands to allow for their environmentally safe and productive development. The bonds, payable through 2026, are also backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control.

Pledged net liquor revenues through the maturity of the Economic Development and Revitalization Project revenue bonds total approximately $929.6 million. During fiscal year 2011, pledged net revenues were $226 million. Principal and interest requirements for fiscal year 2011 totaled $56.4 million.

Since fiscal year 1998, the Treasurer of State has issued a total of $1.75 billion in State Infrastructure Bank Bonds for various transportation construction projects financed by the Department of Transportation. The State has pledged federal highway receipts and loan repayments received under the State Infrastructure Bank Loan Program as the primary source of moneys for meeting the principal and interest requirements on the bonds.

Issuances for the State Infrastructure Bank are, in part, used for the acquisition, construction, or improvement of capital assets. Total pledged federal highway receipts and loan repayments through the maturity of the bonds in 2022 are estimated at approximately $1.28 billion. For fiscal year 2011, principal and interest payments on the revenue bonds was $154.5 million and pledged receipts was $147 million.

NOTE 11 REVENUE BONDS AND NOTES (Continued)

BTSFA is authorized by the Ohio General Assembly to issue and to sell obligations, the aggregate principle amount of which shall not exceed $6 billion, exclusive of obligations issued to refund, renew, or advance refund other obligations issued or incurred. On October 29, 2007, BTSFA successfully securitized 100 percent of the projected tobacco settlement receipts for the next 45 years through the issuance of five series of asset-backed revenue bonds, aggregating in the amount of $5.53 billion. The future tobacco settlement receipts, including related investment earnings and net of specified operating and enforcement expenses, have been pledged to repay the bonds, which are payable through 2052. Annual principal and interest payments on the bonds will require 100 percent of the net tobacco settlement receipts. As of June 30, 2011, the total principal and interest payments remaining to be paid on the bonds were $18.38 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2011 were $300 million and $292 million, respectively. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds. After the bonds and any related operating expenses have been fully paid, any remaining tobacco settlement receipts will become payable to the State. The bonds include fixed rate serial bonds, fixed rate current interest turbo term bonds, and capital appreciation turbo term bonds which will convert to fixed rate current interest turbo term bonds. They were issued to fund long-lived capital projects at state-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. Additional information on these bonds can be found in BTSFA's stand-alone financial report.

Revenue bonds accounted for in business-type activities finance the construction costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus. The debt issuance for the William Green Building has been used for acquisition and construction of capital assets. The bonds are collateralized by lease rental payments pledged by BWC to OBA. The lease rental payments are based on the estimated debt service of the bonds, but are limited to an amount appropriated by the Ohio General Assembly in the biennial budget. Total pledged payments through the maturity of the bonds in 2014 are estimated at approximately $51.6 million. For fiscal year 2011, both the total lease rental payments and the principal and interest payments on the revenue bonds were $19 million.

Revenue bonds outstanding for the primary government, as of June 30, 2011, are presented below.

Primary Government
Summary of Revenue Bonds
As of June 30, 2011
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Governmental Activities:				
Treasurer of State:				
Economic Development	2004-11	.4%-7.7%	2030	$476,788
Revitalization Project	2003-11	.4%-5.9%	2026	207,900
State Infrastructure Bank	2006-11	2.3%-6.0%	2022	1,008,026
Buckeye Tobacco Settlement Financing Authority	2008	4.4%-7.5%	2052	5,463,311
Total Governmental Activities				7,156,025
Business-Type Activities:				
Bureau of Workers' Compensation	2003	1.6%-4.0%	2014	47,889
Total Business-Type Activities				47,889
Total Revenue Bonds				$7,203,914

Future bond service requirements for revenue bonds of the primary government, as of June 30, 2011, are presented on the following page.

NOTE 11 REVENUE BONDS AND NOTES (Continued)

Primary Government
Future Funding Requirements for Revenue Bonds
As of June 30, 2011
(dollars in thousands)

	Governmental Activities			Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2012	$277,365	$356,823	$634,188	$15,890	$2,326	$18,216
2013	203,660	342,823	546,483	15,915	1,543	17,458
2014	213,695	333,061	546,756	15,200	751	15,951
2015	221,745	322,944	544,689	-	-	-
2016	222,865	312,004	534,869	-	-	-
2017-2021	1,106,170	1,395,108	2,501,278	-	-	-
2022-2026	769,350	1,135,612	1,904,962	-	-	-
2027-2031	613,370	943,887	1,557,257	-	-	-
2032-2036	391,165	771,038	1,162,203	-	-	-
2037-2041	1,104,853	691,899	1,796,752	-	-	-
2042-2046	1,308,830	346,402	1,655,232	-	-	-
2047-2051	559,661	2,979,086	3,538,747	-	-	-
2052	166,969	3,250,331	3,417,300	-	-	-
	7,159,698	13,181,018	20,340,716	47,005	4,620	51,625
Unamortized Premium/(Discount), Net	1,346	-	1,346	1,181	-	1,181
Deferred Refunding Loss	(5,019)	-	(5,019)	(297)	-	(297)
Total	$7,156,025	$13,181,018	$20,337,043	$47,889	$4,620	$52,509

	Total		
Year Ending June 30,	Principal	Interest	Total
2012	$293,255	$359,149	$652,404
2013	219,575	344,366	563,941
2014	228,895	333,812	562,707
2015	221,745	322,944	544,689
2016	222,865	312,004	534,869
2017-2021	1,106,170	1,395,108	2,501,278
2022-2026	769,350	1,135,612	1,904,962
2027-2031	613,370	943,887	1,557,257
2032-2036	391,165	771,038	1,162,203
2037-2041	1,104,853	691,899	1,796,752
2042-2046	1,308,830	346,402	1,655,232
2047-2051	559,661	2,979,086	3,538,747
2052	166,969	3,250,331	3,417,300
	7,206,703	13,185,638	20,392,341
Unamortized Premium/(Discount), Net	2,527	-	2,527
Deferred Refunding Loss	(5,316)	-	(5,316)
Total	$7,203,914	$13,185,638	$20,389,552

For the year ended June 30, 2011, NOTE 15 summarizes changes in revenue bonds.

NOTE 11 REVENUE BONDS AND NOTES (Continued)

B. Component Units

Ohio Water Development Authority (OWDA) bonds and notes provide financing to local government authorities (LGA) in the State of Ohio for the acquisition, construction, maintenance, repair, and operation of water development projects and solid waste projects, including the construction of sewage and related water treatment facilities. The principal and interest requirements on OWDA obligations are generally paid from investment earnings, federal funds and/or repayments of loan principal and interest thereon from the LGAs.

A portion of OWDA's outstanding bonds has been issued for the Water Pollution Control Loan Program, which provides low-cost financing to LGAs for the construction of wastewater treatment facilities. In the event pledged program revenues, which consist of interest payments from the LGAs and reimbursement for construction costs, are not sufficient to meet debt service requirements for the bonds, the General Assembly may appropriate moneys for the full replenishment of a bond reserve. As of December 31, 2010, approximately $1.98 billion in bonds were outstanding for this program.

Future bond service requirements for the Water Pollution Control Loan Program revenue bonds, as of December 31, 2010, were as follows (dollars in thousands):

Year Ending December 31,	Principal	Interest	Total
2011	$115,210	$90,386	$205,596
2012	95,725	85,440	181,165
2013	101,935	80,974	182,909
2014	110,835	76,059	186,894
2015	114,835	70,814	185,649
2016-2020	611,885	269,524	881,409
2021-2025	390,745	145,221	535,966
2026-2030	296,550	51,704	348,254
2031-2035	77,070	7,197	84,267
	1,914,790	877,319	2,792,109
Unamortized Premium/(Discount), Net	107,859	-	107,859
Deferred Refunding Loss	(46,288)	-	(46,288)
Total	$1,976,361	$877,319	$2,853,680

Generally, bonds and notes issued by the state universities and state community colleges are payable from the institutions' available receipts, including student fees, rental income, and gifts and donations, as may be provided for in the respective bond proceedings, for the construction of educational and student resident facilities and auxiliary facilities such as dining halls, hospitals, parking facilities, bookstores and athletic facilities.

Except as previously discussed with respect to OWDA's Water Pollution Control Loan Program Bonds, the State is not obligated in any manner for the debt of its component units.

Future bond service requirements for revenue bonds and notes reported for the discretely presented major component units, as of June 30, 2011, are shown on the following page.

NOTE 11 REVENUE BONDS AND NOTES (Continued)

Major Component Units
Future Funding Requirements for Revenue Bonds
As of June 30, 2011
(dollars in thousands)

Year Ending	Ohio Water Development Authority (12/31/2010)			Ohio State University		
December 31 or June 30,	Principal	Interest	Total	Principal	Interest	Total
2011	$179,395	$139,142	$318,537			
2012	188,750	131,385	320,135	$537,671	$47,920	$585,591
2013	200,130	123,694	323,824	77,333	44,024	121,357
2014	197,490	115,552	313,042	57,649	41,938	99,587
2015	202,410	107,412	309,822	59,899	40,501	100,400
2016	-	-	-	60,029	39,132	99,161
2016-2020	923,330	410,326	1,333,656	-	-	-
2017-2021	-	-	-	245,064	179,981	425,045
2021-2025	585,350	225,194	810,544	-	-	-
2022-2026	-	-	-	147,604	147,901	295,505
2026-2030	418,875	93,493	512,368	-	-	-
2027-2031	-	-	-	91,265	118,617	209,882
2031-2035	137,475	25,380	162,855	-	-	-
2032-2036	-	-	-	17,200	105,633	122,833
2036-2040	34,660	4,709	39,369	-	-	-
2037-2041	-	-	-	665,160	83,590	748,750
2041-2045	3,175	135	3,310	-	-	-
	3,071,040	1,376,422	4,447,462	1,958,874	849,237	2,808,111
Unamortized Premium/(Discount), Net	148,843	-	148,843	59,830	-	59,830
Deferred Refunding Loss	(82,566)	-	(82,566)	-	-	-
Total	$3,137,317	$1,376,422	$4,513,739	$2,018,704	$849,237	$2,867,941

Year Ending	University of Cincinnati		
December 31 or June 30,	Principal	Interest	Total
2011			
2012	$107,014	$50,638	$157,652
2013	41,293	48,194	89,487
2014	48,325	46,458	94,783
2015	57,600	44,271	101,871
2016	47,708	41,725	89,433
2016-2020	-	-	-
2017-2021	269,106	171,300	440,406
2021-2025	-	-	-
2022-2026	235,315	106,859	342,174
2026-2030	-	-	-
2027-2031	161,530	57,017	218,547
2031-2035	-	-	-
2032-2036	76,735	24,091	100,826
2036-2040	-	-	-
2037-2041	39,465	4,980	44,445
2041-2045	-	-	-
	1,084,091	595,533	1,679,624
Unamortized Premium/(Discount), Net	12,802	-	12,802
Deferred Refunding Loss	-	-	-
Total	$1,096,893	$595,533	$1,692,426

NOTE 12 SPECIAL OBLIGATION BONDS

The Ohio Building Authority (OBA) and the Treasurer of State issue special obligation bonds reported in governmental activities.

OBA bonds finance the capital costs of categories of facilities including correctional facilities and office buildings for state departments and agencies and, in some cases, related facilities for local governments. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.

Under the authority of Chapter 154, Ohio Revised Code, the Treasurer of State is the issuer of special obligation bonds that finance the cost of capital facilities for state-supported institutions of higher education, mental health and developmental disabilities institutions, parks and recreation, and cultural and sports facilities. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.

Pledges of lease rental payments from appropriations made to the General Fund, Highway Safety and Highway Operating special revenue funds, and Underground Parking Garage Enterprise Fund, moneys held by trustees pursuant to related trust agreements, and other receipts, as required by the respective bond documents, secure the special obligation bonds. The lease rental payments are reported in the fund financial statements as interfund transfers.

Special obligation bonds outstanding and bonds authorized but unissued, as of June 30, 2011, are presented in the following table.

Primary Government-Governmental Activities
Summary of Special Obligation Bonds
As of June 30, 2011
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Ohio Building Authority	1999-11	2.0%-6.1%	2031	$1,607,696	$145,915
Treasurer of State Chapter 154 Bonds	2001-11	2.6%-4.8%	2026	653,157	160,225
Total Special Obligation Bonds				$2,260,853	$306,140

Future special obligation debt service requirements, as of June 30, 2011, are as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2012	$305,760	$97,972	$403,732
2013	260,945	84,294	345,239
2014	220,925	73,155	294,080
2015	212,205	63,323	275,528
2016	192,215	54,212	246,427
2017-2021	673,105	157,349	830,454
2022-2026	284,620	42,939	327,559
2027-2031	47,905	5,422	53,327
	2,197,680	578,666	2,776,346
Unamortized Premium/(Discount), Net	100,271	-	100,271
Deferred Refunding Loss	(37,098)	-	(37,098)
Total	$2,260,853	$578,666	$2,839,519

For the year ended June 30, 2011, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2011, OBA had three current/advance refunding issues. The proceeds of the refunding bonds were used to purchase U.S. Government securities in amounts sufficient, without further investment, to pay, when due, the principle, interest and redemption premium on the bonds being refunded.

Details on the advanced refunding for fiscal year 2011 are presented in the table on the following page.

NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

Primary Government — Governmental Activities
Special Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2011
(dollars in thousands)

Refunding Bond Issue	Date of Refunding	Amount of Refunding Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds Refunded (in substance)	Refunding Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Ohio Building Authority:							
Administrative Building 2010 Series C.....	8/31/2010	$148,865	2.75%	$160,515	$170,923	(10,095)/15 yrs	$4,712
Adult Correctional 2010 Series A.....	8/31/2010	79,325	2.84%	86,136	89,294	(15,022)/15 yrs	1,056
Juvenile Correctional 2010 Series B.....	8/31/2010	15,005	2.94%	16,018	16,297	(4,272)/15 yrs	(91)
Total		$243,195		$262,669	$276,514		$5,677

In prior years, OBA and the Treasurer of State defeased certain bond issues by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements. As of June 30, 2011, $126 million and $32 million of OBA and Chapter 154 special obligations bonds, respectively, are considered defeased and no longer outstanding.

NOTE 13 CERTIFICATES OF PARTICIPATION

A. Primary Government

As of June 30, 2011, approximately $179.9 million in certificate of participation (COP) obligations were reported in governmental activities.

In fiscal year 1992, the Ohio Department of Transportation participated in the issuance of $8.7 million of COP obligations to finance the acquisition of the Panhandle Rail Line Project. Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of $185.2 million of COP obligations to finance the acquisition of the Ohio Administrative Knowledge System (OAKS), a statewide Enterprise Resource Planning (ERP) system. These issuances are, in part, used for the acquisition, construction, or improvement of capital assets.

In fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of $40.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue System (STARS).

Under the COP financing arrangements, the State is required to make rental payments from the Transportation Certificates of Participation Debt Service Fund, the OAKS Certificates of Participation Debt Service Fund, the STARS Certificates of Participation Debt Service Fund and the General Fund (subject to biennial appropriations) that approximate the interest and principal payments made by trustees to certificate holders.

Obligations outstanding for the primary government under COP financing arrangements, as of June 30, 2011, are presented in the following table.

NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

Primary Government — Governmental Activities
Summary of Certificate of Participation Obligations
As of June 30, 2011
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Department of Transportation:				
Panhandle Rail Line Project	1992	6.5%	2012	$1,435
Department of Administrative Services:				
Ohio Administrative Knowledge System (OAKS)	2005-09	2.5%-5.3%	2019	144,746
State Taxation Accounting and Revenue System (STARS)	2008	3.5%-5.0%	2019	33,754
Total Certificates of Participation				$179,935

As of June 30, 2011, the primary government's future commitments under the COP financing arrangements were as follows (dollars in thousands):

Year Ending June	Principal	Interest	Total
2012	$22,180	$7,323	$29,503
2013	21,610	6,357	27,967
2014	22,530	5,431	27,961
2015	23,540	4,401	27,941
2016	24,645	3,289	27,934
2017-2019	61,370	3,642	65,012
	175,875	30,443	206,318
Unamortized Premium, Net	4,060	-	4,060
Total	$179,935	$30,443	$210,378

For the year ended June 30, 2011, NOTE 15 summarizes changes in COP obligations.

B. Component Units
For the State's component units, approximately $3.8 million in COP obligations are reported in the component unit funds. The obligations finance building construction costs at the Ohio State University.

As of June 30, 2011, future commitments under the COP financing arrangements for the State's component units are detailed in the table below.

Component Units
Future Funding Requirements for Certificate of Participation Obligations
As of June 30, 2011
(dollars in thousands)

	Ohio State University		
Year Ending	Principal	Interest	Total
2012	$465	$180	$645
2013	490	156	646
2014	515	131	646
2015	540	104	644
2016	570	76	646
2017-2021	1,220	62	1,282
Total	$3,800	$709	$4,509

NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2011, in addition to bonds and certificates of participation obligations discussed in NOTES 10 through 13, the State reports the following noncurrent liabilities in its financial statements (dollars in thousands):

Non-Current Liabilities	
Governmental Activities:	
Compensated Absences	$464,077
Net Pension Obligation	4,299
Net OPEB Obligation	66,593
Capital Leases Payable	6,530
Derivatives	53,119
Pollution Remediation Liabilities	4,851
Estimated Claims Payable	10,385
Liability for Escheat Property	219,770
Total Governmental Activities	829,624
Business-Type Activities:	
Compensated Absences	42,948
Capital Leases Payable	58,007
Workers' Compensation:	
Benefits Payable	18,012,600
Other	2,037,665
Unemployment Compensation:	
Intergovernmental Payable	2,314,187
Deferred Prize Awards Payable	643,074
Tuition Benefits Payable	592,599
Total Business-Type Activities	23,701,080
Total Primary Government	$24,530,704

For the year ended June 30, 2011, NOTE 15 summarizes the changes in other noncurrent liabilities. Explanations of certain significant noncurrent liability balances reported in the financial statements follow.

A. Compensated Absences

For the primary government, the compensated absences liability, as of June 30, 2011, was $507 million, of which $464.1 million is allocable to governmental activities and $42.9 million is allocable to business-type activities.

As of June 30, 2011, discretely presented major component units reported a total of $186.7 million in compensated absences liabilities, as detailed by major component unit in NOTE 15.

B. Net Pension Obligation and Net OPEB Obligation

The State recognizes a net pension obligation and a net OPEB obligation in the amount of $4.3 million and $66.6 million, respectively, as of June 30, 2011. The net pension obligation represents the cumulative difference between the annual pension cost and the employer's contributions to the State Highway Patrol Retirement System (SHPRS). The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the employer's contributions to the SHPRS. The SHPRS is a blended component unit reported as a fiduciary pension trust fund. See NOTE 9 for further details.

NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

C. Lease Agreements

The State's primary government leases office buildings and computer and office equipment. Although the lease terms vary, most leases are renewable subject to biennial appropriations by the General Assembly. If the likelihood of the exercise of a fiscal funding clause in the lease agreement is, in the management's judgment, remote, then the lease is considered noncancelable for financial reporting purposes and is reported as a fund expenditure/expense for operating leases or as a liability for capital leases.

Operating leases (leases on assets not recorded in the Statement of Net Assets) contain various renewable options as well as some purchase options. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The primary government's total operating lease expenditures/expenses for fiscal year 2011 were approximately $77.8 million. Fiscal year 2012 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2011, were $3.7 million.

Assets acquired through capital leasing are valued at the lower of fair value or the present value of the future minimum lease payments at the lease's inception. Capital leases are used for the acquisition of capital assets. Future minimum lease commitments for capital leases judged to be noncancelable, as of June 30, 2011, are below (dollars in thousands):

	Capital Leases		
Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2012	$ 2,656	$ 18,814	$ 21,470
2013	2,432	18,813	21,245
2014	1,326	25,286	26,612
2015	537	-	537
2016	69	-	69
2017-2021	8	-	8
Total Minimum Lease Payments	7,028	62,913	69,941
Amount for Interest	(498)	(4,906)	(5,404)
Present Value of Net Minimum Lease Payments	$ 6,530	$ 58,007	$ 64,537

As of June 30, 2011, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business-Type Activities	Total
Equipment	$16,380	$88,038	$104,418
Vehicles	2,649	-	$2,649
Total	$19,029	$88,038	$107,067

Amortization expense for the proprietary funds within the Statement of Activities is included with depreciation expense.

Capital leases are reported under the "Refund and Other Liabilities" account in the proprietary and component unit funds.

NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

Future minimum lease commitments for capital leases judged to be noncancelable and capital assets under capital leases for the discretely presented major component unit funds, as of June 30, 2011, are presented in the table below (dollars in thousands):

Major Component Units		
Capital Leases		
Year Ending June 30,	Ohio State University	University of Cincinnati
2012	$ 5,168	$ 11,657
2013	4,181	10,515
2014	2,062	10,687
2015	355	10,293
2016	158	10,952
2017-2021	-	41,241
2022-2026	-	36,037
2027-2031	-	23,652
2032-2036	-	6,959
Total Minimum Lease Payments	11,924	161,993
Amount for Interest	(715)	(55,493)
Present Value of Net Minimum Lease Payments	$ 11,209	$ 106,500
Equipment & Vehicles	$ 43,012	$ 3,226
Buildings	-	183,618
Total	$ 43,012	$ 186,844

D. Derivatives

For governmental activities, the State has reported ($53.1) million of investment and hedging derivatives as of June 30, 2011. Additional information regarding the State's derivatives is included in NOTE 4 and NOTE 10.

As of June 30, 2011, the discretely presented major component units reported a total of ($3.9) million of investment derivatives. Additional information regarding the major component units' derivatives is included in NOTE 4.

E. Litigation Liabilities

In instances when the unfavorable outcome of a pending litigation has been assessed to be probable, liabilities are recorded in the financial statements. As of June 30, 2011, no liabilities ultimately payable from various governmental funds have been recorded for this purpose. For information on the State's loss contingencies arising from pending litigation, see NOTE 19.

F. Pollution Remediation Liabilities

The State recognizes a liability for pollution remediation in the amount $4.9 million, as of June 30, 2011. This represents the cost to the State to the extent that is probable for future clean up and reclamation of polluted sites within the State. See NOTE 19 for further detail.

G. Estimated Claims Payable

For governmental activities, the State recognized $7.1 million in estimated claims liabilities, as of June 30, 2011, for damaged state vehicles covered under the State's self-insured program, which was established in the General Fund for this purpose at the Department of Administrative Services.

Additionally, the State reported $3.3 million in estimated claims for defaulted loans under the Ohio Enterprise Bond Programs at the Department of Development, as of June 30, 2011. The program is included in governmental activities and is accounted for in the Community and Economic Development Special Revenue Fund.

NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

H. Liability for Escheat Property

The State records a liability for escheat property to the extent that it is probable that the escheat property will be reclaimed and paid to claimants. As of June 30, 2011, the liability totaled approximately $219.8 million.

I. Worker's Compensation

Benefits Payable

As discussed in NOTE 20, the Worker's Compensation Enterprise Fund provides benefits to employees for losses sustained from job-related injury, disease, or death. The Bureau has computed a reserve for compensation, as of June 30, 2011, in the amount of approximately $18.01 billion. The reserve, which includes estimates for reported claims and claims incurred but not reported, is included in the "Benefits Payable" balance reported for the enterprise fund.

J. Unemployment Compensation

As of June 30, 2011, the State's Unemployment Compensation Fund is recognizing an intergovernmental payable liability for repayable advances from the Federal government of $2.31 billion. These advances were used for the payment of compensation benefits.

K. Deferred Prize Awards Payable

Future installment payments for the deferred prize awards payable are reported at present value based upon interest rates that the Treasurer of State provides to the Lottery Commission Enterprise Fund. The interest rates, ranging from three to nine percent, represent the expected long-term rate of return on the assets restricted for the payment of deferred prize awards. Once established for a particular deferred prize award, the interest rate does not fluctuate with changes in the expected long-term rate of return. The difference between the present value and gross amount of the obligations is amortized into income over the terms of the obligations using the interest method. The State reduces prize liabilities by an estimate of the amount of the prize that will ultimately be unclaimed. As of June 30, 2011, this payable totals $643.1 million.

Future payments of prize awards, stated at present value, as of June 30, 2011, follow (dollars in thousands):

Year Ending June 30,	
2012	$ 78,102
2013	77,017
2014	76,926
2015	76,789
2016	76,765
2017-2021	277,587
2022-2026	129,778
2027-2031	65,682
2032-2036	21,857
2037-2041	1,493
	881,996
Unamortized Discount	(238,922)
Net Prize Liability	$643,074

L. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately $592.6 million, as of June 30, 2011. The valuation method reflects the present value of estimated tuition benefits that will be paid in future years and is adjusted for the effects of projected tuition increases in state universities and state community colleges and termination of participant contracts under the plan.

NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

The following assumptions were used in the actuarial determination of tuition benefits payable: 5.5 percent rate of return, compounded annually, on the investment of current and future assets; a projected annual tuition increase of 3.5 percent in the first year and seven percent thereafter, as well as a 2.5 percent Consumer Price Index inflation rate. The effect of changes due to experience and actuarial assumption changes follow (dollars in millions):

Actuarial Deficit, as of June 30, 2010	$ (70.8)
Adjustment to Beginning of Year's Assets	1.7
Interest on the Deficit at 6.5 Percent	(4.5)
Investment Gain	52.3
Lower actual 2011-2012 tuition than assumed	20.3
Change in Assumption for Future Tuition Growth	16.3
Interest Gain on Late Tuition Payouts	0.6
Change in the investment return assumption	(26.8)
Actuarial Deficit, as of June 30, 2011	$ (10.9)

As of June 30, 2011, the market value of actuarial net assets available for the payment of the tuition benefits payable was $581.7 million.

M. Other Liabilities

The Workers' Compensation Enterprise Fund reports approximately $2.04 billion in other noncurrent liabilities, as of June 30, 2011, of which 1.) $1.94 billion is comprised of the compensation adjustment expenses liability for estimated future expenses to be incurred in the settlement of claims, as discussed further in NOTE 20, 2.) $87.7 million represents premium payment security deposits collected in advance from private employers to reduce credit risk for premiums collected in subsequent periods, and 3.) $12.7 million consists of other miscellaneous liabilities.

NOTE 15 CHANGES IN NONCURRENT LIABILITIES

A. Primary Government

Changes in noncurrent liabilities, for the year ended June 30, 2011, are presented for the primary government in the following table.

Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

Governmental Activities:	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amount Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10)	$7,343,289	$1,252,246	$723,259	$7,872,276	$557,443
Revenue Bonds (NOTE 11)	6,891,331	435,418	170,724	7,156,025	278,816
Special Obligation Bonds (NOTE 12)	2,338,094	407,046	484,287	2,260,853	313,244
Total Bonds and Notes Payable	16,572,714	2,094,710	1,378,270	17,289,154	1,149,503
Certificates of Participation (NOTE 13)	200,428	7	20,500	179,935	22,255
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	444,775	348,171	328,869	464,077	72,299
Net Pension Obligation	-	25,511	21,212	4,299	-
Net OPEB Obligation	-	70,293	3,700	66,593	-
Capital Leases Payable	8,624	914	3,008	6,530	2,400
Derivatives	55,784	3,397	6,062	53,119	-
Litigation Liabilities	6,628	-	6,628	-	-
Pollution Remediation Liabilities	5,902	1,818	2,869	4,851	516
Estimated Claims Payable	10,071	2,030	1,716	10,385	2,476
Liability for Escheat Property	194,585	76,817	51,632	219,770	68,094
Total Other Noncurrent Liabilities	726,369	528,951	425,696	829,624	145,785
Total Noncurrent Liabilities	$17,499,511	$2,623,668	$1,824,466	$18,298,713	$1,317,543
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11)	$64,200	$246	$16,557	$47,889	$15,890
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	42,169	28,009	27,230	42,948	4,796
Capital Leases Payable	66,757	6,944	15,694	58,007	17,590
Workers' Compensation:					
Benefits Payable	17,878,400	2,067,955	1,933,755	18,012,600	1,915,283
Other:					
Adjustment Expenses Liability	1,926,200	171,045	159,945	1,937,300	384,441
Premium Payment Security Deposits	87,974	1,093	1,403	87,664	-
Miscellaneous	21,850	22,660	31,809	12,701	12,701
Unemployment Compensation:					
Intergovernmental Payable	2,314,187	-	-	2,314,187	-
Deferred Prize Awards Payable	672,615	48,292	77,833	643,074	45,451
Tuition Benefits Payable	632,900	-	40,301	592,599	81,936
Total Other Noncurrent Liabilities	23,643,052	2,345,998	2,287,970	23,701,080	2,462,198
Total Noncurrent Liabilities	$23,707,252	$2,346,244	$2,304,527	$23,748,969	$2,478,088

The State makes payments on bonds and notes payable and certificate of participation obligations that pertain to its governmental activities from the debt service funds. The General Fund and the major special revenue fund will primarily liquidate the other noncurrent liabilities balance attributable to governmental activities.

NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)

For fiscal year 2011, the State's primary government included interest expense on its debt issues in the following governmental functions rather than reporting it separately as interest expense. The related borrowings are essential to the creation or continuing existence of the programs they finance. The various state subsidy programs supported by the borrowings provide direct state assistance to local governments for their respective capital and construction or research projects. None of the financing provided under these programs benefits the general operations of the primary government, and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt.

	(in 000s)
Governmental Activities:	
Primary, Secondary and Other Education	$577,929
Higher Education Support	264,582
Environmental Protection and Natural Resources	3,058
Transportation	40,529
Community and Economic Development	352,689
Total Interest Expense Charged to Governmental Functions	$1,238,787

B. Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2011 (December 31, 2010 for the Ohio Water Development Authority), are presented in the following table for the State's discretely presented major component units.

Major Component Units
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amount Due Within One Year
School Facilities Commission:					
Intergovernmental Payable	$1,336,182	$231,769	$820,254	$747,697	$552,999
Compensated Absences*	824	590	501	913	140
Total	$1,337,006	$232,359	$820,755	$748,610	$553,139
Ohio Water Development Authority (12/31/10):					
Revenue Bonds & Notes Payable (NOTE 11)	$2,294,811	$1,341,992	$499,486	$3,137,317	$179,395
Compensated Absences*	202	116	111	207	-
Total	$2,295,013	$1,342,108	$499,597	$3,137,524	$179,395
Ohio State University:					
Compensated Absences*	$108,988	$23,986	$8,287	$124,687	$8,287
Capital Leases Payable* (NOTE 14)	17,419	422	6,632	11,209	4,767
Derivatives*	1,912	-	66	1,846	-
Other Liabilities*	96,983	116,556	-	213,539	3,978
Revenue Bonds & Notes Payable (NOTE 11)	1,382,421	911,699	275,416	2,018,704	537,671
Certificates of Participation (NOTE 13)	4,245	-	445	3,800	465
Total	$1,611,968	$1,052,663	$290,846	$2,373,785	$555,168
University of Cincinnati:					
Compensated Absences*	$58,649	$3,196	$951	$60,894	$38,036
Capital Leases Payable* (NOTE 14)	140,529	-	34,029	106,500	6,322
Derivatives*	2,771	-	709	2,062	-
Other Liabilities*	41,471	86,052	88,546	38,977	1,088
Revenue Bonds & Notes Payable (NOTE 11)	1,032,114	401,490	336,711	1,096,893	109,267
Total	$1,275,534	$490,738	$460,946	$1,305,326	$154,713

*Liability is reported under the "Refund and Other Liabilities" account.

NOTE 16 NO COMMITMENT DEBT

The State of Ohio, by action of the General Assembly, created various financing authorities for the expressed purpose of making available to non-profit and, in some cases, for profit private entities, lower cost sources of capital financing for facilities and projects found to be for a public purpose. Fees are assessed to recover related processing and application costs incurred.

The authorities' debt instruments represent a limited obligation payable solely from payments made by the borrowing entities. Most of the bonds are secured by the property financed. Upon repayment of the bonds, ownership of acquired property transfers to the entity served by the bond issuance. This debt is not deemed to constitute debt of the State or a pledge of the faith and credit of the State. Accordingly, these bonds are not reflected in the accompanying financial statements.

As of June 30, 2011 (December 31, 2010 for component units), revenue bonds and notes outstanding that represent "no commitment" debt for the State were as follows (dollars in thousands):

	Outstanding Amount
Primary Government:	
Ohio Department of Development:	
Ohio Enterprise Bond Program	$218,995
Hospital Facilities Bonds	6,745
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program	20,680
Total Primary Government	$246,420
Component Units (12/31/10):	
Ohio Water Development Authority	$2,217,275
Ohio Air Quality Development Authority	2,400,000
Total Component Units	$4,617,275

NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING

A. Fund Deficits

The following individual funds reported deficits that are reflected in the State's basic financial statements, as of June 30, 2011 (dollars in thousands):

Primary Government:	
Major Proprietary Funds:	
Unemployment Compensation	($1,926,737)
Component Units:	
Major Component Units:	
School Facilities Commission Fund	($4,170,889)
Nonmajor Component Units:	
Ohio Capital Fund	(43,715)
Total Component Units	($4,214,604)

The Unemployment Compensation Fund deficit disclosed above is due to an unusually high level of benefit claims and a reduction in State revenues as a result of current economic conditions. Federal loans have been required to maintain current benefit levels.

Deficits for the other funds are due to the timing of revenue recognition and the accrual of expenses not recorded under the cash basis of accounting.

NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING (Continued)

B. Fund Balance Reporting-Constraints by Purpose

Fund balance constraints reported in the governmental funds, as of June 30, 2011, are presented by purpose in the following table:

Primary Government
Fund Balance Constraints by Purpose
(dollars in thousands)

Fund Balance:	Major Funds: General	Major Funds: Job, Family & Other Human Services	Major Funds: Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total
Nonspendable					
Inventories	$ 32,886	$ -	$ -	$ 57,972	$ 90,858
Noncurrent Portion of Loans Receivable	3,338	-	-	-	3,338
Prepaids	16,163	2,270	-	8,960	27,393
Advances to Local Government	12,693	30,604	-	-	43,297
Total nonspendable	65,080	32,874	-	66,932	164,886
Restricted					
Primary, Secondary and Other Education	1,043	60	-	71,562	72,665
Public Assistance and Medicaid	-	283,437	-	-	283,437
Health and Human Services	-	2,537	-	87,953	90,490
Justice and Public Protection	889	763	-	108,770	110,422
Environmental Protection and Natural Resources	12,721	-	-	90,533	103,254
Transportation	-	-	-	1,163,645	1,163,645
General Government	8,633	28,823	-	14,348	51,804
Community and Economic Development	1,055,366	59	-	238,646	1,294,071
Capital Outlay	-	-	-	490,807	490,807
Debt Service	-	-	5,218,413	77,522	5,295,935
Total Restricted	1,078,652	315,679	5,218,413	2,343,786	8,956,530
Committed					
Primary, Secondary and Other Education	-	-	-	20,497	20,497
Higher Education Support	-	-	-	29	29
Public Assistance and Medicaid	-	52,719	-	-	52,719
Health and Human Services	4,434	6,635	-	14,354	25,423
Justice and Public Protection	817	5,063	-	118,612	124,492
Environmental Protection and Natural Resources	-	-	-	174,892	174,892
Transportation	-	-	-	988	988
General Government	10,211	7,509	-	55,442	73,162
Community and Economic Development	655,748	-	-	65,175	720,923
Total Committed	671,210	71,926	-	449,989	1,193,125
Assigned					
Primary, Secondary and Other Education	55,455	-	-	-	55,455
Public Assistance and Medicaid	289,172	-	-	-	289,172
Health and Human Services	61,304	-	-	-	61,304
Justice and Public Protection	113,665	-	-	-	113,665
Environmental Protection and Natural Resources	13,860	-	-	-	13,860
General Government	1,003,259	-	-	-	1,003,259
Community and Economic Development	79,980	-	-	-	79,980
Total Assigned	1,616,695	-	-	-	1,616,695
Unassigned	(1,208,029)	-	-	(25)	(1,208,054)
Total Fund Balance	$ 2,223,608	$ 420,479	$ 5,218,413	$ 2,860,682	$10,723,182

NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS

A. Joint Ventures

Great Lakes Protection Fund (GLPF)

The Great Lakes Protection Fund is an Illinois non-profit organization that was formed to further federal and state commitments to the restoration and maintenance of the Great Lakes Basin's ecosystem. The governors of seven of the eight states that border on the Great Lakes comprise the GLPF's membership. Under the GLPF's articles of incorporation, each state is required to make a financial contribution. Income earned on the contributions provides grants to projects that advance the goals of the Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water Quality Agreement.

Each governor nominates two individuals to the GLPF's board of directors who serve staggered two-year terms. All budgetary and financial decisions rest with the board, except when they are restricted by the GLPF's articles of incorporation.

Annually, one-third of the GLPF's net earnings is allocated and paid to the member states in proportion to their respective cash contributions to the GLPF. The allocation is based on the amount and period of time the state's contributions were invested. GLPF earnings distributions are to be used by the states to finance projects that are compatible with the GLPF's objectives. Ohio applies its distribution (approximately $187 thousand) to operations of its own protection program, known as the Lake Erie Protection Program, which is modeled after the GLPF.

Required contributions and contributions received from the states, which border the Great Lakes, as of December 31, 2010 (the GLPF's year-end), are presented below (dollars in thousands):

	Contribution Required	Contribution Received	Contribution Percentage
Michigan	$25,000	$25,000	30.9%
Indiana*	16,000	-	-
Illinois	15,000	15,000	18.4%
Ohio	14,000	14,000	17.3%
New York	12,000	12,000	14.8%
Wisconsin	12,000	12,000	14.8%
Minnesota	1,500	1,500	1.9%
Pennsylvania	1,500	1,500	1.9%
Total	$97,000	$81,000	100.00%

*The State of Indiana has not yet elected to join the Great Lakes Protection Fund.

Summary Financial information for the GLPF, for the fiscal year ended December 31, 2010, was as follows (dollars in thousands):

Cash and Investments	$113,310
Other Assets	269
Total Assets	$113,579
Total Liabilities	$1,644
Total Net Assets	111,935
Total Liabilities and Net Assets	$113,579
Total Revenues and Other Additions	$11,403
Total Expenditures	(4,299)
Net Increase in Net Assets	$7,104

NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

In the event of the Fund's dissolution, the State of Ohio would receive a residual portion of the Fund's assets equal to the lesser of the amount of such assets multiplied by the ratio of its required contribution to the required contributions of all member states, or the amount of its required contribution.

Local Community and Technical Colleges
The State's primary government has an ongoing financial responsibility for the funding of six local community colleges and eight technical colleges. With respect to the local community colleges, State of Ohio officials appoint three members of each college's respective nine-member board of trustees; county officials appoint the remaining six members.

The governing boards of the technical colleges consist of either seven or nine trustees, of which state officials appoint two or three members, respectively; the remaining members are appointed by the local school boards located in the respective technical college district.

The Ohio General Assembly appropriates moneys to these institutions from the General Fund to subsidize operations so that higher education can become more financially accessible to Ohio residents. The primary government also provides financing for the construction of these institutions' capital facilities by meeting the debt service requirements for the Tobacco Settlement revenue bonds issued by the Buckeye Tobacco Settlement Financing Authority, the Higher Education Capital Facilities general obligation bonds issued by the Ohio Public Facilities Commission (OPFC), and the Higher Education Facilities special obligation bonds, previously issued by the OPFC, for these purposes. The bonds provide funding for capital appropriations, which are available to the local community and technical colleges for spending on capital construction.

Fiscal year 2011 expenses that were included in the "Higher Education Support" function under governmental activities in the Statement of Activities for state assistance to the local community and technical colleges are presented below (dollars in thousands).

	Operating Subsidies	Capital Subsidies	Total
Local Community Colleges:			
Cuyahoga	$61,610	$16,049	$77,659
Eastern	5,176	1,076	6,252
Lakeland	20,037	1,225	21,262
Lorain County	27,224	409	27,633
Rio Grande	5,533	200	5,733
Sinclair	52,803	780	53,583
Total Local Community Colleges	172,383	19,739	192,122
Technical Colleges:			
Belmont	6,442	42	6,484
Central Ohio	11,318	860	12,178
Hocking	15,952	2,217	18,169
James A. Rhodes	10,791	1,438	12,229
Marion	6,364	1,928	8,292
Zane	6,689	83	6,772
North Central	8,049	1,703	9,752
Stark	25,278	4,843	30,121
Total Technical Colleges	90,883	13,114	103,997
Total	$263,266	$32,853	$296,119

Information for obtaining complete financial statements for each of the primary government's joint ventures is available from the Ohio Office of Budget and Management.

NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

B. Related Organizations

Officials of the State's primary government appoint a voting majority of the governing boards of the Ohio Housing Finance Agency, the Ohio Turnpike Commission, the Petroleum Underground Storage Tank Release Compensation Board, the Higher Education Facility Commission, and the Ohio Legal Assistance Foundation. However, the primary government's accountability for these organizations does not extend beyond making the appointments.

During Fiscal year 2011, the State had the following related-party transactions with its related organizations:

- The General Fund reports a $195.2 million loans receivable balance due from the Ohio Housing Finance Agency. The State made the loans to finance and support the agency's housing programs.
- The Ohio Department of Taxation paid the Ohio Turnpike Commission $2.2 million from the General Fund for the Commission's share of the State's motor vehicle fuel excise tax allocation.
- Separate funds, established for the Ohio Housing Finance Agency, the Petroleum Underground Storage Tank Release Compensation Board, and the Higher Education Facility Commission, were accounted for on the primary government's Ohio Administrative Knowledge System. The primary purpose of the funds is to streamline payroll and other administrative disbursement processing for these organizations. The financial activities of the funds, which do not receive any funding support from the primary government, have been included in the agency funds.
- From the Job, Family and Other Human Services Fund, the Public Defender's Office paid the Ohio Legal Assistance Foundation approximately $4.4 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.

NOTE 19 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations. Pending litigation affecting the Department of Commerce, the Department of Transportation, and the Bureau of Workers' Compensation is discussed below.

Department of Commerce

In the Sogg v. Department of Commerce case, the plaintiff claims a provision in Section 169.08(D) of Ohio Revised Code creates an unconstitutional taking of property in violation of takings clause of the United States and Ohio Constitutions. In April 2009, the Supreme Court of Ohio declared Section 169.08(D) unconstitutional. The Court held that the State may not retain the interest earned on unclaimed funds and that claimants are entitled to interest on the funds for the four years prior to the filing of the claim. The case was remanded to the trial court to determine the method for determining the amount of interest owed to each claimant in the class. On August 18, 2009, the trial court issued an opinion in which it found that the eligible class members should be awarded interest on their accounts at the rate of six percent per annum as well as a percentage of the State's liability as attorney's fees. On March 19, 2010, the trial court issued a decision on the contested calculations used to determine the State's total liability. This decision was appealed to the Tenth District Court of Appeals, which reversed the decision in part. The plaintiff-class unsuccessfully sought a discretionary appeal in the Ohio Supreme Court. The trial court ordered Commerce to calculate its liability and share that information with the plaintiff-class counsel. A trial is scheduled for December 22, 2011. The State's ultimate liability will be paid from the Unclaimed Funds Account.

The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Department of Transportation
In litigation between plaintiff Ohio Department of Transportation and Norfolk Southern Railway, the plaintiff sought partial acquisition of property from a larger parcel owned by Norfolk Southern Railway in connection with construction of a new bridge on Interstate 90 in Cleveland. An agreement for the plaintiff to purchase the entire parcel of land for a total of $29.8 million was reached on June 6, 2011. All money had been paid either through the Cuyahoga County Probate Court or directly to the defendant by September 30, 2011, and the final settlement entry was journalized on October 6, 2011.

At June 30, 2011, $26.8 million remains payable to the defendant as a result of this case. A liability of $26.8 million has been included as "Refund and Other Liabilities" for the nonmajor governmental funds in the governmental funds Balance Sheet and for governmental activities in the government-wide Statement of Net Assets.

Bureau of Workers' Compensation/Industrial Commission (BWC/IC)
A class action case was filed against BWC alleging that non-group-rated employers subsidize group-rated employers, and that this bias in premiums violates various provisions of the Ohio Constitution. Plaintiffs have asked the court to declare the group rating plan unconstitutional and require BWC to repay to the class members all excessive premiums collected by BWC, with interest and attorney fees. In April 2008, plaintiffs filed a motion for a preliminary injunction enjoining BWC from enforcing the group rating statutes during pendency of the action (beginning July 1, 2008). A hearing was held on the injunction request in August 2008. In December 2008, the Cuyahoga County Common Pleas Court issued the requested preliminary injunction restraining BWC from continuing its current group rating plan for the policy year beginning July 1, 2009. At the same time, the common pleas court ordered that BWC enact a group retrospective rating plan for the policy year beginning July 1, 2009. BWC filed an appeal and a motion for stay with the common pleas court. On December 17, 2008, the General Assembly passed House Bill 79 clarifying that Ohio's group rating program was not intended to be retrospective only. On January 6, 2009, the Governor signed the bill making it effective immediately. On January 7, 2009, BWC filed a motion to dissolve the preliminary injunction and in March 2009 the common pleas court issued an order vacating the preliminary injunction. Plaintiff has filed a motion for class certification and BWC filed a response in opposition. In January 2010, the common pleas court granted class certification and BWC has appealed. Oral arguments on BWC's appeal of the class certification were held on February 16, 2011. On April 7, 2011, the court issued its written decision affirming the trial court's decision to grant class certification and remanding the case to trial court. The parties will litigate the merits and the question of damages in the trial court. There is a second case with virtually identical claims that was consolidated with this case but was recently voluntarily dismissed by plaintiff. The ultimate outcome of the litigation cannot presently be determined.

All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the State's financial position.

B. Federal Awards
The State of Ohio receives significant awards from the Federal Government in the form of grants and entitlements, including certain non-cash programs. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the spending resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit or to financial compliance audits by the grantor agencies of the federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities to the State.

As a result of the fiscal year 2010 State of Ohio Single Audit (issued in March 2011), $105 million of federal expenditures were in question as not being appropriate under the terms of the respective grants. The State has requested a consideration for reversal of the questioned costs from the federal government. No provision for any liability or adjustments has been recognized for the questioned costs in the state's financial statements for the fiscal year ended June 30, 2011.

NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

C. Loan Commitments

As of June 30, 2011, commitments to finance program loans from the primary government's budgeted General Fund are detailed below (dollars in thousands):

General Fund	
Ohio Public Works Commission:	
State Capital Improvements Loans	$73,201
Revolving Loans	65,161
Total	$138,362

As of December 31, 2010, loan commitments for the Ohio Water Development Authority, a discretely presented major component unit, were as follows (dollars in thousands):

Water Pollution Control Loan ...	$749,455
Fresh Water	128,448
Drinking Water Assistance	46,423
Community Assistance	8,066
Rural Utility Services	10,373
Other Projects	11,947
Total	$954,712

The Authority intends to meet these commitments using available funds and grant commitments from the U.S. Environmental Protection Agency.

D. Construction Commitments

As of June 30, 2011, the Ohio Department of Transportation had total contractual commitments of approximately $2.5 billion for highway construction projects. Funding for future projects is expected to be provided from federal, primary government, general obligation and revenue bonds, and local government sources in amounts of $1.69 billion, $344.8 million, $411 million and $58.4 million, respectively.

As of June 30, 2011, other major non-highway construction commitments for the primary government's budgeted capital projects funds and major discretely presented component unit funds were as follows (dollars in thousands):

Primary Government	
Mental Health/Developmental Disabilities Facilities Improvements	$37,579
Parks and Recreation Improvements	10,767
Administrative Services Building Improvements	15,313
Youth Services Building Improvements	12,644
Adult Correctional Building Improvements	19,938
Highway Safety Building Improvements	180
Ohio Parks and Natural Resources	9,417
Total	$105,838
Major Component Units	
Ohio State University	$884,160
University of Cincinnati	283,651

NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

E. Tobacco Settlement

In November 1998, the Attorneys General of 46 states, five U.S. territories, and the District of Columbia signed the Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers. This signaled the end of litigation brought by the Attorneys General against the manufacturers in 1996 for state healthcare expenses attributed to smoking–related claims. The remaining four states (Florida, Minnesota, Mississippi, and Texas) settled separately.

According to the MSA, participating tobacco manufacturers are required to adhere to a variety of new marketing and lobbying restrictions and provide payments to the states in perpetuity.

As of October 23, 2007, the State transferred future rights to the Master Settlement Agreement revenue to the Buckeye Tobacco Settlement Financing Authority (BTSFA).

While BTSFA's share of the total base payments to the states through 2052 will not change over time, estimating the amount of annual payments that actually will be received in any given year can be complex, since under the terms of the MSA, payments are subject to a number of adjustment factors, including an inflation adjustment, a volume adjustment, and a potential adjustment for market share losses of participating manufacturers. Some of these adjustments, such as the inflation adjustment, result in BTSFA receiving higher payments. Other factors, such as the volume adjustment and the market share adjustment can work to reduce the amount of the State's annual payments.

In addition to the base payments, BTSFA will receive payments from the Strategic Contribution Fund. The Strategic Contribution Fund was established to reward states that played leadership roles in the tobacco litigation and settlement negotiations. Allocations from the fund are based on a state's contribution to the litigation and settlement with the tobacco companies. These payments are also subject to the adjustment factors outlined in the MSA.

During fiscal year 2011, Ohio received $289.3 million, which is approximately $89.7 million or 23.7 percent less than the pre-adjusted base payment for the year.

As of June 30, 2011, the estimated tobacco settlement receivable in the amount of $356.9 million is included in "Other Receivables" reported for the governmental funds. The receivable includes $105.7 million for payments withheld from BTSFA beginning fiscal year 2008 and $73.9 million for payments withheld from the State for fiscal years 2006 and 2007. These amounts were withheld by the cigarette manufacturers when they exercised the market share loss provisions of the MSA. The monies are on deposit in an escrow account until pending litigation between the States and the manufacturers is resolved. Both the Authority and the State contend that they have met their obligations under the MSA and are due the payments withheld.

The Tobacco Settlement receipts provide funding for the construction of primary and secondary school capital facilities, education technology for primary and secondary education and for higher education, programs for smoking cessation and other health-related purposes, biomedical research and technology, and assistance to tobacco-growing areas in Ohio.

The BTSFA revenue bonds are secured by and payable solely from the tobacco settlement receipts and other collateral pledged under an indenture between BTSFA and U.S. Bank National Association, as trustee. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds.

The enforcement of the terms of the MSA has been challenged by lawsuits and may continue to be challenged in the future. In the event of an adverse court ruling, BTFSA may not have adequate financial resources to make payment on the bonds.

A schedule of pre-adjusted base payments and payments from the Strategic Contribution Fund for the State of Ohio in future years follows (dollars in thousands):

NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Year Ending June 30,	Pre-adjusted MSA Base Payments	Pre-Adjusted Payments from the Strategic Contribution Fund	Total
2012.....	$359,652	$23,694	$383,346
2013.....	363,783	23,966	387,749
2014.....	367,789	24,230	392,019
2015.....	371,684	24,486	396,170
2016.....	376,306	24,791	401,097
2017-2021.....	2,136,348	25,096	2,161,444
2022-2026.....	2,316,649	—	2,316,649
2027-2031.....	2,472,971	—	2,472,971
2032-2036.....	2,640,790	—	2,640,790
2037-2041.....	2,812,833	—	2,812,833
2042-2046.....	2,993,720	—	2,993,720
2047-2051.....	3,187,256	—	3,187,256
2052.....	662,283	—	662,283
Total	$21,062,064	$146,263	$21,208,327

F. Pollution Remediation Activities

During fiscal year 2011, the State was involved in remediation activities for pollution at various sites. These activities include site investigation, cleanup, and monitoring. The following describe the sites and the estimated cost of remediation activities (in general, projects with a liability of less than $100 thousand at June 30 are not listed):

The Ohio Environmental Protection Agency (EPA) is involved in the following pollution remediation activities:

- As a result of the imminent danger to public health, EPA has assumed responsibility for operating and maintaining the collection and treatment system at the Lincoln Fields contaminated water system in Mansfield. The liability at June 30 is estimated at $1.1 million. Cost was estimated by the EPA site coordinator using actual invoices to date.
- As a result of the imminent danger to public health, EPA's director agreed to a cleanup order of the contaminated groundwater for the Village of McConnelsville. The State was also named as an actual or potential responsible party in a lawsuit. At the conclusion of the investigation, the State has obligated itself in some fashion to perform or assist in the remediation. The limit of the State's liability is equal to the $812 thousand that the State collected from a bankruptcy settlement.
- As a result of the imminent danger to public health and the laws of the State regarding construction and demolition debris landfills, the EPA continues its progress in the cleanup of these landfill sites across the State. As of June 30, 2011, the estimated cost of remediation activities currently in progress and additional planned activities is approximately $165 thousand. Cost was estimated by the EPA site coordinator using actual invoices to date.

In accordance with Resource Conservation Recovery Act (RCRA) regulations, the Ohio Department of Natural Resources (DNR) continues pollution monitoring and maintenance activities at the closed Cowan Lake S. P. Wood Treatment Plant at an estimated cost of $326 thousand. DNR estimated the cost using previous invoices to date and projecting the costs over the remaining 19 year commitment to test the site for contamination.

The Ohio Department of Public Safety has been named as a responsible party to remediate pollution resulting from soil (sandstone) contamination that may be coming from a former underground storage facility at one of its sites. Due to the nature of the activity, cost estimates are currently unavailable.

The Ohio Department of Transportation has been named as a responsible party to remediate pollution at seven sites owned by the agency. The pollution at five of the sites is the result of underground storage tank leaks.

NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Another two sites have contaminated soils on the agency-owned property and contaminated groundwater on the surrounding properties. In total, the June 30 liability to eliminate the pollution and continue monitoring activities is estimated to be $2.6 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liabilities described above are reported as "Refund and Other Liabilities," "Other Noncurrent Liabilities-Due in One Year," and "Other Noncurrent Liabilities-Due in More Than One Year" for governmental activities in the government-wide Statement of Net Assets. The reported liabilities for these activities are estimates and are subject to change over time. Variances in the final costs may result from changes in technology, changes in responsible parties, results of environmental studies, and changes in laws and regulations. Future recoveries from other responsible parties may also reduce the final cost paid by the State.

Capital assets may be created during the pollution remediation process. These capital assets will be reported in accordance with the State's capital assets policy. As of June 30, 2011, no capital assets were created nor reported as a result of any pollution remediation process.

G. Encumbrances

At June 30, 2011, the State has significant encumbrances of $241.7 million in the General Fund, $1.21 billion in the Job, Family and Other Human Services Special Revenue Fund, and $4.1 billion in the nonmajor governmental funds.

NOTE 20 RISK FINANCING

A. Workers' Compensation Benefits

The Ohio Workers' Compensation System, which the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio administer, is the exclusive provider of workers' compensation insurance to private and public employers in Ohio who are not self-insured. The Workers' Compensation Enterprise Fund provides benefits to employees for losses sustained from job-related injury, disease, or death.

"Benefits Payable" of $18.01 billion is reported in the Workers' Compensation Enterprise Fund (Fund) as of June 30, 2011. This amount represents reserves for indemnity and medical claims resulting from work-related injuries or illnesses, including actuarial estimates for both reported claims and claims incurred but not reported. The liability is based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claims reserves. The compensation adjustment expenses liability, which is included in "Other Liabilities" in the amount of approximately $1.94 billion, is an estimate of future expenses to be incurred in the settlement of claims. The estimate for this liability is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, nonincremental adjustment expense, and the reserve for compensation.

Management of the Bureau of Workers' Compensation and the Industrial Commission believes that the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future losses. While management uses available information to estimate the reserves for compensation and compensation adjustment expenses, future changes to the reserves for compensation and compensation adjustment expenses may be necessary based on claims experience and changing claims frequency and severity conditions. The methods of making such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period.

Benefits payable and the compensation adjustment expenses liability have been discounted at four percent to reflect the present value of future benefit payments. The selected discount rate approximates an average yield on United States government securities with durations similar to the expected claims underlying the Fund's reserves. The undiscounted reserves for the benefits and compensation adjustment expenses totaled $32.5 billion, as of June 30, 2011, and $32.2 billion, as of June 30, 2010. For additional information, refer to the Fund's separate audited financial report, for the fiscal year ended June 30, 2011.

NOTE 20 RISK FINANCING (Continued)

Changes in the balance of benefits payable and the compensation adjustment expenses liability for the Workers' Compensation Program during the past two fiscal years are presented in the table below.

Primary Government
Changes in Workers' Compensation Benefits Payable and Compensation Adjustment Expenses Liability
Last Two Fiscal Years
(dollars in millions)

	Fiscal Year 2011	Fiscal Year 2010
Benefits Payable and Compensation Adjustment Expenses Liability, as of July 1	$19,804	$19,246
Incurred Compensation and Compensation Adjustment Benefits	2,239	2,737
Incurred Compensation and Compensation Adjustment Benefit Payments and Other Adjustments	(2,093)	(2,179)
Benefits Payable and Compensation Adjustment Expenses Liability, as of June 30	$19,950	$19,804

B. State Employee Healthcare Plans

Employees of the primary government have the option of participating in the Ohio Med Health Plan, the United Healthcare Plan, or the Aetna Plan, which are fully self-insured health benefit plans.

Ohio Med, a preferred provider organization, was established July 1, 1989. Medical Mutual of Ohio administers the Ohio Med plan under a claims administration contract with the primary government.

The United Healthcare and the Aetna plans, originally health maintenance organizations, became self-insured healthcare plans of the State on July 1, 2002 and July 1, 2005, respectively.

All plans have contracts with the primary government to serve as claims administrator. Benefits offered while under the State's administration are essentially the same as the benefits offered before the two plans became self-insured arrangements.

When it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, the primary government reports liabilities for the governmental and proprietary funds. Liabilities include an amount for claims that have been incurred but not reported. The plans' actuaries calculate estimated claims liabilities based on prior claims data, employee enrollment figures, medical trends, and experience.

Governmental and proprietary funds pay a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. The payments are reported in the Payroll Withholding and Fringe Benefits Agency Fund until such time that the primary government pays the accumulated resources to Medical Mutual of Ohio, United Healthcare, or Aetna for claims settlement.

For governmental funds, the primary government recognizes claims as expenditures to the extent that the amounts are payable with expendable available financial resources. For governmental and business-type activities, claims are recognized in the Statement of Activities as expenses when incurred.

NOTE 20 RISK FINANCING (Continued)

As of June 30, 2011, approximately $124.8 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims for the Ohio Med Health Plan. Changes in the balance of claims liabilities for the plan during the past two fiscal years were as follows (dollars in thousands):

Ohio Med Health Plan		
	Fiscal Year 2011	Fiscal Year 2010
Claims Liabilities, as of July 1	$ 33,046	$ 31,214
Incurred Claims	258,766	243,438
Claims Payments	(257,206)	(241,606)
Claims Liabilities, as of June 30	$ 34,606	$ 33,046

As of June 30, 2011, the resources on deposit in the Agency Fund for the Ohio Med Health Plan exceeded the estimated claims liability by approximately $90.2 million, thereby resulting in a funding surplus. Eighty-five percent or $76.7 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

As of June 30, 2011, no assets were available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims incurred by June 30 for the United Healthcare Plan, thereby resulting in a funding deficit. Changes in the balance of claims liabilities for the plan during the past two fiscal years were as follows (dollars in thousands):

United Healthcare Plan		
	Fiscal Year 2011	Fiscal Year 2010
Claims Liabilities, as of July 1	$ 8,582	$ 7,887
Incurred Claims	68,521	69,200
Claims Payments	(68,680)	(68,505)
Claims Liabilities, as of June 30	$ 8,423	$ 8,582

As of June 30, 2011, the estimated claims liability exceeded resources on deposit in the Agency Fund for the United Healthcare Plan by approximately $63.5 million, thereby resulting in a funding deficit. Eighty-five percent or $54 million of the deficit, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting increase to expenditures/expenses.

As of June 30, 2011, approximately $27.6 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims incurred by June 30 for the Aetna Plan, thereby resulting in a funding surplus. Changes in the balance of claims liabilities for the plan during the past two fiscal years were as follows (dollars in thousands):

Aetna Plan		
	Fiscal Year 2011	Fiscal Year 2010
Claims Liabilities, as of July 1	$ 10,129	$ 12,729
Incurred Claims	71,777	75,350
Claims Payments	(73,482)	(77,950)
Claims Liabilities, as of June 30	$ 8,424	$ 10,129

NOTE 20 RISK FINANCING (Continued)

As of June 30, 2011, the resources on deposit in the Agency Fund for the Aetna Plan exceeded the estimated claims liability by approximately $19.1 million, thereby resulting in a funding surplus. Eighty-five percent or $16.3 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

C. Other Risk Financing Programs

The primary government has established programs to advance fund potential losses for vehicular liability and theft in office. The potential amount of loss arising from these risks, however, is not considered material in relation to the State's financial position.

NOTE 21 SUBSEQUENT EVENTS

A. Bond Issuances

Subsequent to June 30, 2011 (December 31, 2010, for the Ohio Water Development Authority), the State issued major debt as detailed in the table below:

Debt Issuances
Subsequent to June 30, 2011
(dollars in thousands)

	Date Issued	Net Interest Rate or True Interest Cost	Amount
Primary Government:			
Ohio Public Facilities Commission-General Obligation Bonds:			
Common Schools Capital Facilities, Refunding Series 2011A	07/19/11	2.79%	$211,530
Higher Education Capital Facilities, Refunding Series 2011A	07/19/11	2.97%	127,765
Infrastructure Improvements, Refunding Series 2011B	07/19/11	2.92%	114,285
Natural Resources, Refunding Series P	07/19/11	2.50%	35,195
Veterans Compensation-Taxable, Series 2011	08/09/11	2.78%	15,910
Common Schools Capital Facilities, Series 2011B	09/21/11	3.32%	300,000
Common Schools Capital Facilities, Refunding Series 2011C	11/14/11	2.82%	63,000
Higher Education Capital Facilities, Refunding Series 2011B	11/14/11	2.83%	28,765
Infrastructure Improvements, Refunding Series 2011C	11/14/11	2.87%	18,320
Third Frontier, Series 2012A	01/10/12	1.64%	80,000
Coal Development, Series L	01/10/12	1.81%	12,000
Common Schools Capital Facilities, Refunding Series 2012A	01/10/12	1.90%	117,420
Total General Obligation Bonds			1,124,190
Ohio Building Authority-Special Obligation Bonds			
State Facilities (Administrative Building), Series 2011A	08/24/11	3.03%	38,595
State Facilities (Adult Correctional Facility), Refunding Series 2011B	08/24/11	2.69%	101,530
Juvenile Correctional Facility, Series 2011B	08/24/11	2.91%	9,215
Total Special Obligation Bonds			149,340
Total Primary Government			$1,273,530
Major Component Units:			
Ohio Water Development Authority Debt:			
Community Assistance Revenue Bonds, Refunding Series 2011	06/02/11	3.00% - 5.00%	$25,730
WPCLF Revenue Bonds, Refunding Water Quality Series 2011A	08/23/11	4.00% - 5.00%	101,210
WPCLF Revenue Bonds-Tax Exempt, Refunding WQ Series 2011B-1	12/21/11	3.00% - 5.00%	76,860
WPCLF Revenue Bonds-Taxable, Refunding WQ Series 2011B-2	12/21/11	0.15% - 1.33%	65,575
Total Ohio Water Development Authority			$269,375
The Ohio State University Debt:			
General Receipts Bonds-Taxable, Series 2011A	10/26/11	4.80%	$500,000
Total The Ohio State University			$500,000
University of Cincinnati Debt:			
Bond Anticipation Notes (BANs):			
Bond Anticipation Notes, Series 2011D	07/21/11	2.00%	$15,990
Bond Anticipation Notes, Series 2011F	12/16/11	2.00%	44,110
Total Bond Anticipation Notes			60,100
General Receipts Bonds:			
General Receipts Bonds-Taxable, Refunding Series 2011E	10/06/11	3.00% - 5.00%	29,125
Total General Receipts Bonds			29,125
Total University of Cincinnati			$89,225

NOTE 21 SUBSEQUENT EVENTS (Continued)

B. Department of Natural Resources

In the Doner v. Zody case, approximately 84 landowners seek a writ of mandamus ordering the Ohio Department of Natural Resources (DNR) to appropriate their lands which are alleged to have been "taken" as a result of a 1997 change to the spillway at Grand Lake St. Marys in Mercer County. On August 10, 2009, a Motion to Dismiss based on statute of limitations arguments was filed on behalf of defendant, which was denied on September 30, 2009, by the Ohio Supreme Court. At that time, a schedule was set for the submission of briefs and evidence. Oral argument was held on September 20, 2011. On December 1, 2011, the Ohio Supreme Court ruled unanimously in favor of the plaintiffs, holding that the actions of DNR to modify the spillway and to cease adjusting water levels at Grand Lake St. Marys constituted a taking of the plaintiffs' property since those decisions caused intermittent, recurrent flooding on their properties. The Court did not specify how much property was taken or what the dollar value of the impact to the property was. Those amounts will be determined by subsequent litigation filed in Mercer County Common Pleas Court. Defendant plans to enter into settlement negotiations, but the ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Infrastructure Assets Accounted for Using the Modified Approach

Pavement Network

The Ohio Department of Transportation conducts annual condition assessments of its Pavement Network. The State manages its pavement system by means of annual, visual inspections by trained pavement technicians. Technicians rate the pavement using a scale of 1 (minimum) to 100 (maximum) based on a Pavement Condition Rating (PCR). This rating examines items such as cracking, potholes, deterioration of the pavement, and other factors. It does not include a detailed analysis of the pavement's subsurface conditions.

Ohio accounts for its pavement network in two subsystems: Priority, which comprises interstate highways, freeways, and multi-lane portions of the National Highway System, and General, which comprises two-lane routes outside of cities.

For the Priority Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 65, and to allow no more than 25 percent of the pavement to fall below a 65 PCR level. For the General Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 55, and to allow no more than 25 percent of the pavement to fall below a 55 PCR level.

Pavement Network
Condition Assessment Data

Priority Subsystem

	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 65-74		Poor PCR = Below 65		Total	
Calendar Year	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2010	9,009	68.99	2,897	22.18	863	6.61	290	2.22	13,059	100.00
2009	8,662	66.98	2,948	22.80	1,066	8.24	256	1.98	12,932	100.00
2008	8,683	67.70	2,699	21.04	1,154	9.00	290	2.26	12,826	100.00
2007	8,457	66.50	2,752	21.63	1,120	8.81	389	3.06	12,718	100.00
2006	8,918	70.47	1,940	15.33	1,400	11.07	397	3.13	12,655	100.00

General Subsystem

	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 55-74		Poor PCR = Below 55		Total	
Calendar Year	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2010	15,198	50.78	8,062	26.93	5,497	18.36	1,175	3.93	29,932	100.00
2009	15,064	50.28	7,480	24.97	6,059	20.22	1,356	4.53	29,959	100.00
2008	15,037	50.14	6,793	22.65	6,745	22.49	1,416	4.72	29,991	100.00
2007	14,650	48.73	6,531	21.72	7,319	24.34	1,564	5.21	30,064	100.00
2006	14,757	49.00	6,650	22.08	8,249	27.39	462	1.53	30,118	100.00

Infrastructure Assets Accounted for Using the Modified Approach (Continued)

Pavement Network
Comparison of Estimated-to-Actual Maintenance and Preservation Costs
(dollars in thousands)

Priority Subsystem

Fiscal Year	Estimated	Actual
2011	$406,058	$419,955
2010	357,393	394,017
2009	352,644	407,564
2008	357,396	405,258
2007	403,067	418,936

General Subsystem

Fiscal Year	Estimated	Actual
2011	$258,410	$342,202
2010	209,775	299,450
2009	214,071	347,154
2008	178,252	237,050
2007	196,814	268,839

Bridge Network

The Ohio Department of Transportation conducts annual inspections of all bridges in the State's Bridge Network. The inspections cover major structural items such as piers and abutments, and assign a General Appraisal Condition Rating (GACR) from 0 (minimum) to nine (maximum) based on a composite measure of these major structural items.

It is the State's intention to maintain at least 85 percent of the square feet of deck area at a general appraisal condition rating level of at least five, and to allow no more than 15 percent of the number of square feet of deck area to fall below a general appraisal condition rating level of five.

Bridge Network
Condition Assessment Data
(square feet in thousands)

	General Appraisal Condition Ratings (GACR)									
	Excellent GACR = 7-9		Good GACR = 5-6		Fair GACR = 3-4		Poor GACR = 0-2		Total	
Calendar Year	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%
2010	52,590	49.74	49,064	46.41	4,024	3.81	43	0.04	105,721	100.00
2009	51,605	48.95	49,745	47.19	3,433	3.26	630	0.60	105,413	100.00
2008	50,383	48.05	50,554	48.22	3,239	3.09	676	0.64	104,852	100.00
2007	50,056	48.09	50,484	48.50	3,493	3.36	51	.05	104,084	100.00
2006	43,942	52.03	38,104	45.12	2,396	2.84	5	.01	84,447	100.00

Infrastructure Assets Accounted for Using the Modified Approach (Continued)

Bridge Network
Comparison of Estimated-to-Actual Maintenance and Preservation Costs
(dollars in thousands)

Fiscal Year	Estimated	Actual
2011	$433,593	$409,690
2010	330,580	330,262
2009	308,655	360,451
2008	288,329	313,801
2007	290,732	313,272

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Funds

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

Capital Projects Funds

The Capital Projects Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
ASSETS:			
Cash Equity with Treasurer	$ 2,516,865	$ 11,805	$ 491,472
Cash and Cash Equivalents	15,302	30,008	—
Investments	23,257	48,385	27,377
Collateral on Lent Securities	537,708	2,521	105,004
Taxes Receivable	67,744	—	—
Intergovernmental Receivable	620,865	—	—
Loans Receivable, Net	105,295	—	—
Interfund Receivable	986	—	—
Other Receivables	93,232	—	—
Inventories	57,972	—	—
Other Assets	11,951	19	—
TOTAL ASSETS	**$ 4,051,177**	**$ 92,738**	**$ 623,853**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 247,796	$ 87	$ 27,767
Accrued Liabilities	60,362	—	—
Medicaid Claims Payable	162,931	—	—
Obligations Under Securities Lending	537,708	2,521	105,004
Intergovernmental Payable	302,600	—	—
Interfund Payable	186,911	2	—
Payable to Component Units	8,189	—	276
Deferred Revenue	106,941	—	—
Unearned Revenue	118,587	—	—
Refund and Other Liabilities	26,800	12,604	—
TOTAL LIABILITIES	1,758,825	15,214	133,047
FUND BALANCES:			
Nonspendable	66,932	—	—
Restricted	1,775,456	77,524	490,806
Committed	449,989	—	—
Unassigned	(25)	—	—
TOTAL FUND BALANCES	2,292,352	77,524	490,806
TOTAL LIABILITIES AND FUND BALANCES	**$ 4,051,177**	**$ 92,738**	**$ 623,853**

	TOTAL
$	3,020,142
	45,310
	99,019
	645,233
	67,744
	620,865
	105,295
	986
	93,232
	57,972
	11,970
$	**4,767,768**

$	275,650
	60,362
	162,931
	645,233
	302,600
	186,913
	8,465
	106,941
	118,587
	39,404
	1,907,086
	66,932
	2,343,786
	449,989
	(25)
	2,860,682
$	**4,767,768**

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
REVENUES:			
Income Taxes	$ 13,082	$ —	$ —
Sales Taxes	5,676	—	—
Corporate and Public Utility Taxes	1,149	—	—
Motor Vehicle Fuel Taxes	689,407	—	—
Other Taxes	17,270	—	—
Licenses, Permits and Fees	1,245,206	—	—
Sales, Services and Charges	33,393	—	—
Federal Government	6,701,135	—	—
Tobacco Settlement	3	—	—
Investment Income	6,719	7,344	1,192
Other	474,286	4,016	2,358
TOTAL REVENUES	**9,187,326**	**11,360**	**3,550**
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	2,987,734	—	—
Higher Education Support	27,279	—	—
Public Assistance and Medicaid	37,162	—	—
Health and Human Services	2,304,369	—	—
Justice and Public Protection	656,051	—	—
Environmental Protection and Natural Resources	309,547	—	—
Transportation	2,356,990	—	—
General Government	113,072	—	—
Community and Economic Development	1,078,380	—	—
CAPITAL OUTLAY	41,466	—	456,729
DEBT SERVICE	—	1,168,770	—
TOTAL EXPENDITURES	**9,912,050**	**1,168,770**	**456,729**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(724,724)**	**(1,157,410)**	**(453,179)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued	164,368	4,878	488,682
Refunding Bonds Issued	—	544,775	—
Payment to Refunded Bond Escrow Agents	—	(621,223)	—
Premiums/Discounts	3,041	118,272	1,318
Transfers-in	1,380,853	1,146,836	—
Transfers-out	(494,211)	—	—
TOTAL OTHER FINANCING SOURCES (USES)	**1,054,051**	**1,193,538**	**490,000**
NET CHANGE IN FUND BALANCES	**329,327**	**36,128**	**36,821**
FUND BALANCES, July 1 (as restated)	1,966,715	41,396	453,985
Increase (Decrease) for Changes in Inventories	(3,690)	—	—
FUND BALANCES, JUNE 30	**$ 2,292,352**	**$ 77,524**	**$ 490,806**

	TOTAL
$	13,082
	5,676
	1,149
	689,407
	17,270
	1,245,206
	33,393
	6,701,135
	3
	15,255
	480,660
	9,202,236
	2,987,734
	27,279
	37,162
	2,304,369
	656,051
	309,547
	2,356,990
	113,072
	1,078,380
	498,195
	1,168,770
	11,537,549
	(2,335,313)
	657,928
	544,775
	(621,223)
	122,631
	2,527,689
	(494,211)
	2,737,589
	402,276
	2,462,096
	(3,690)
$	**2,860,682**

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Education Fund** fund accounts for programs administered by the Department of Education, the Ohio Board of Regents, and other various state agencies, which prescribe the State's minimum educational requirements and which provide funding and assistance to local school districts for basic instruction and vocation and technical job training, and to the State's colleges and universities for post-secondary education.

The **Highway Operating Fund** accounts for programs administered by the Department of Transportation, which is responsible for the planning and design, construction, and maintenance of Ohio's highways, roads, and bridges and for Ohio's public transportation programs.

The **Community and Economic Development Fund** accounts for programs administered by the Department of Development and other various state agencies, which were created to assure the efficient use of resources for the State's community and economic growth and development.

The **Health Fund** accounts for public health programs primarily administered by the Department of Health, which promotes the prevention and treatment of diseases and illnesses through technical assistance, health education, and research.

The **Mental Health and Developmental Disabilities Fund** accounts for mental health care and developmental disabilities programs primarily administered by the Department of Mental Health and the Department of Developmental Disabilities, which provide assistance, services, and medical care to those individuals with mental health and developmental disability problems.

The **Highway Safety Fund** accounts for public safety programs primarily administered by the Department of Public Safety, which enforces traffic-related laws for the purpose of reducing accidents, deaths, injuries, and property damages on Ohio's highways.

The **Natural Resources Fund** accounts for environmental programs administered by the Department of Natural Resources, the Environmental Protection Agency, and other various state agencies, which promote, protect, and manage the State's natural resources and environment.

The **Wildlife and Waterways Safety Fund** accounts for programs administered by the Department of Natural Resources' Divisions of Wildlife and Watercraft, which promote, protect, and manage the State's wildlife and waterways and which provide technical assistance and education to the public.

The **Tobacco Settlement Fund** accounts for various health, education, economic, and law enforcement-related programs funded with moneys received under the Master Settlement Agreement with the nation's largest tobacco companies.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011
(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
ASSETS:			
Cash Equity with Treasurer	$ 112,762	$ 1,161,666	$ 473,354
Cash and Cash Equivalents	6	409	10,711
Investments	447	—	—
Collateral on Lent Securities	24,092	248,168	101,132
Taxes Receivable	—	63,577	816
Intergovernmental Receivable	167,445	93,714	43,426
Loans Receivable, Net	—	98,638	6,657
Interfund Receivable	—	587	59
Other Receivables	110	3,046	404
Inventories	—	37,078	—
Other Assets	3,209	3,285	885
TOTAL ASSETS	**$ 308,071**	**$ 1,710,168**	**$ 637,444**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 17,114	$ 138,929	$ 45,069
Accrued Liabilities	1,993	19,200	7,240
Medicaid Claims Payable	—	—	—
Obligations Under Securities Lending	24,092	248,168	101,132
Intergovernmental Payable	88,879	—	40,640
Interfund Payable	2,910	81,493	6,606
Payable to Component Units	3,252	96	2,360
Deferred Revenue	2,990	1,429	7,858
Unearned Revenue	63,245	—	33,433
Refund and Other Liabilities	—	26,800	—
TOTAL LIABILITIES	204,475	516,115	244,338
FUND BALANCES:			
Nonspendable	219	40,363	884
Restricted	82,474	1,153,690	258,985
Committed	20,928	—	133,237
Unassigned	(25)	—	—
TOTAL FUND BALANCES	103,596	1,194,053	393,106
TOTAL LIABILITIES AND FUND BALANCES	**$ 308,071**	**$ 1,710,168**	**$ 637,444**

HEALTH	MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES	HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	TOBACCO SETTLEMENT
$ 33,904	$ 207,540	$ 208,348	$ 234,205	$ 70,203	$ 14,883
43	—	2,802	211	5	1,115
—	—	—	—	—	22,810
7,244	44,341	44,514	50,038	14,999	3,180
—	—	—	1,837	1,514	—
42,317	273,963	—	—	—	—
—	—	—	—	—	—
—	—	340	—	—	—
13,737	280	484	1,039	93	74,039
20,894	—	—	—	—	—
458	896	2,067	795	343	13
$ 118,597	**$ 527,020**	**$ 258,555**	**$ 288,125**	**$ 87,157**	**$ 116,040**
$ 18,977	$ 7,806	$ 11,390	$ 5,254	$ 2,122	$ 1,135
3,857	6,237	13,187	6,109	2,399	140
—	162,931	—	—	—	—
7,244	44,341	44,514	50,038	14,999	3,180
32,298	140,783	—	—	—	—
2,209	58,168	24,404	4,688	6,426	7
568	447	394	77	995	—
14,374	6,317	—	—	—	73,973
16,029	—	—	5,880	—	—
—	—	—	—	—	—
95,556	427,030	93,889	72,046	26,941	78,435
21,352	896	2,067	795	343	13
74	88,018	97,753	78,894	10,303	5,265
1,615	11,076	64,846	136,390	49,570	32,327
—	—	—	—	—	—
23,041	99,990	164,666	216,079	60,216	37,605
$ 118,597	**$ 527,020**	**$ 258,555**	**$ 288,125**	**$ 87,157**	**$ 116,040**

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011
(dollars in thousands)
(continued)

	TOTAL
ASSETS:	
Cash Equity with Treasurer	$ 2,516,865
Cash and Cash Equivalents	15,302
Investments	23,257
Collateral on Lent Securities	537,708
Taxes Receivable	67,744
Intergovernmental Receivable	620,865
Loans Receivable, Net	105,295
Interfund Receivable	986
Other Receivables	93,232
Inventories	57,972
Other Assets	11,951
TOTAL ASSETS	**$ 4,051,177**
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	$ 247,796
Accrued Liabilities	60,362
Medicaid Claims Payable	162,931
Obligations Under Securities Lending	537,708
Intergovernmental Payable	302,600
Interfund Payable	186,911
Payable to Component Units	8,189
Deferred Revenue	106,941
Unearned Revenue	118,587
Refund and Other Liabilities	26,800
TOTAL LIABILITIES	1,758,825
FUND BALANCES:	
Nonspendable	66,932
Restricted	1,775,456
Committed	449,989
Unassigned	(25)
TOTAL FUND BALANCES	2,292,352
TOTAL LIABILITIES AND FUND BALANCES	**$ 4,051,177**

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
REVENUES:			
Income Taxes	$ —	$ —	$ 13,082
Sales Taxes	—	—	5,676
Corporate and Public Utility Taxes	—	—	1,149
Motor Vehicle Fuel Taxes	—	665,701	6,211
Other Taxes	—	—	5,914
Licenses, Permits and Fees	936	83,995	602,352
Sales, Services and Charges	642	1,371	16,707
Federal Government	2,281,870	1,515,593	708,358
Tobacco Settlement	—	—	—
Investment Income	699	2,749	457
Other	23,300	83,587	43,898
TOTAL REVENUES	**2,307,447**	**2,352,996**	**1,403,804**
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	2,987,574	—	160
Higher Education Support	27,085	—	194
Public Assistance and Medicaid	—	—	—
Health and Human Services	2,974	—	—
Justice and Public Protection	17,214	—	226,548
Environmental Protection and Natural Resources	—	—	438
Transportation	—	2,356,080	910
General Government	—	—	102,117
Community and Economic Development	—	—	1,069,397
CAPITAL OUTLAY	—	—	30,393
TOTAL EXPENDITURES	**3,034,847**	**2,356,080**	**1,430,157**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(727,400)**	**(3,084)**	**(26,353)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued	—	—	164,368
Premiums/Discounts	—	—	3,041
Transfers-in	756,360	496,515	21,684
Transfers-out	(67)	(470,654)	(2,962)
TOTAL OTHER FINANCING SOURCES (USES)	**756,293**	**25,861**	**186,131**
NET CHANGE IN FUND BALANCES	**28,893**	**22,777**	**159,778**
FUND BALANCES, July 1 (as restated)	74,703	1,174,966	233,328
Increase (Decrease) for Changes in Inventories	—	(3,690)	—
FUND BALANCES, JUNE 30	**$ 103,596**	**$ 1,194,053**	**$ 393,106**

HEALTH	MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES	HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	TOBACCO SETTLEMENT
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	17,495	—
—	—	—	11,356	—	—
15,027	23,016	339,370	137,275	43,235	—
26	92	12,602	1,408	545	—
501,135	1,590,941	24,050	61,458	17,730	—
—	—	—	—	—	3
9	—	539	68	178	2,020
37,884	200,339	32,193	50,047	2,795	243
554,081	**1,814,388**	**408,754**	**261,612**	**81,978**	**2,266**
—	—	—	—	—	—
—	—	—	—	—	—
—	37,162	—	—	—	—
579,949	1,721,205	166	—	—	75
—	—	409,155	443	—	2,691
—	—	—	222,265	75,074	11,770
—	—	—	—	—	—
1,090	—	—	9,753	—	112
3,076	—	—	846	—	5,061
—	—	1,468	—	9,605	—
584,115	**1,758,367**	**410,789**	**233,307**	**84,679**	**19,709**
(30,034)	**56,021**	**(2,035)**	**28,305**	**(2,701)**	**(17,443)**
—	—	—	—	—	—
—	—	—	—	—	—
14,806	35,619	36,261	5,245	150	14,213
(556)	(752)	(14,591)	(4,581)	(9)	(39)
14,250	**34,867**	**21,670**	**664**	**141**	**14,174**
(15,784)	**90,888**	**19,635**	**28,969**	**(2,560)**	**(3,269)**
38,825	9,102	145,031	187,110	62,776	40,874
—	—	—	—	—	—
$ 23,041	**$ 99,990**	**$ 164,666**	**$ 216,079**	**$ 60,216**	**$ 37,605**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	TOTAL
REVENUES:	
Income Taxes	$ 13,082
Sales Taxes	5,676
Corporate and Public Utility Taxes	1,149
Motor Vehicle Fuel Taxes	689,407
Other Taxes	17,270
Licenses, Permits and Fees	1,245,206
Sales, Services and Charges	33,393
Federal Government	6,701,135
Tobacco Settlement	3
Investment Income	6,719
Other	474,286
TOTAL REVENUES	**9,187,326**
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education	2,987,734
Higher Education Support	27,279
Public Assistance and Medicaid	37,162
Health and Human Services	2,304,369
Justice and Public Protection	656,051
Environmental Protection and Natural Resources	309,547
Transportation	2,356,990
General Government	113,072
Community and Economic Development	1,078,380
CAPITAL OUTLAY	41,466
TOTAL EXPENDITURES	**9,912,050**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(724,724)**
OTHER FINANCING SOURCES (USES):	
Bonds and Certificates of Participation Issued	164,368
Premiums/Discounts	3,041
Transfers-in	1,380,853
Transfers-out	(494,211)
TOTAL OTHER FINANCING SOURCES (USES)	**1,054,051**
NET CHANGE IN FUND BALANCES	**329,327**
FUND BALANCES (DEFICITS), July 1 (as restated)	1,966,715
Increase (Decrease) for Changes in Inventories	(3,690)
FUND BALANCES (DEFICITS), JUNE 30	**$ 2,292,352**

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	EDUCATION		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ —	
Sales Taxes		—	
Corporate and Public Utility Taxes		—	
Motor Vehicle Fuel Taxes		—	
Other Taxes		—	
Licenses, Permits and Fees		936	
Sales, Services and Charges		642	
Federal Government		2,301,880	
Tobacco Settlement		—	
Investment Income		698	
Other		32,876	
TOTAL REVENUES		**2,337,032**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ 3,913,399	3,062,943	$ 850,456
Higher Education Support	52,272	36,917	15,355
Public Assistance and Medicaid	—	—	—
Health and Human Services	4,495	3,385	1,110
Justice and Public Protection	35,325	24,159	11,166
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	—	—	—
Community and Economic Development	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	**$ 4,005,491**	**3,127,404**	**$ 878,087**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(790,372)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		756,360	
Transfers-out		(67)	
TOTAL OTHER FINANCING SOURCES (USES)		**756,293**	
NET CHANGE IN FUND BALANCES		**(34,079)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		49,174	
Outstanding Encumbrances at Beginning of Fiscal Year		38,851	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 53,946**	

HIGHWAY OPERATING			COMMUNITY AND ECONOMIC DEVELOPMENT		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ 13,082	
	—			5,676	
	—			1,149	
	671,382			6,059	
	—			5,914	
	84,443			604,933	
	1,371			17,673	
	1,499,690			713,600	
	—			—	
	2,969			457	
	111,399			50,243	
	2,371,254			**1,418,786**	
$ —	—	$ —	$ 1,718	1,032	$ 686
—	—	—	15,743	15,743	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	489,297	385,604	103,693
—	—	—	546	426	120
7,543,487	4,541,171	3,002,316	8,995	6,901	2,094
—	—	—	163,053	127,524	35,529
—	—	—	1,919,832	1,722,712	197,120
—	—	—	111,494	89,599	21,895
166,695	148,846	17,849	—	—	—
$ 7,710,182	**4,690,017**	**$ 3,020,165**	**$ 2,710,678**	**2,349,541**	**$ 361,137**
	(2,318,763)			**(930,755)**	
	—			167,409	
	497,040			25,199	
	(322,383)			(6,610)	
	174,657			**185,998**	
	(2,144,106)			**(744,757)**	
	(1,112,312)			(583,128)	
	2,182,695			958,467	
	$ (1,073,723)			**$ (369,418)**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)
(continued)

	HEALTH		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ —	
Sales Taxes		—	
Corporate and Public Utility Taxes		—	
Motor Vehicle Fuel Taxes		—	
Other Taxes		—	
Licenses, Permits and Fees		24,334	
Sales, Services and Charges		26	
Federal Government		496,482	
Tobacco Settlement		—	
Investment Income		9	
Other		98,611	
TOTAL REVENUES		**619,462**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ —	—	$ —
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	811,738	700,398	111,340
Justice and Public Protection	—	—	—
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	105,400	2,148	103,252
Community and Economic Development	6,415	5,969	446
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	**$ 923,553**	**708,515**	**$ 215,038**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(89,053)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		5,566	
Transfers-out		(556)	
TOTAL OTHER FINANCING SOURCES (USES)		**5,010**	
NET CHANGE IN FUND BALANCES		**(84,043)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		(33,647)	
Outstanding Encumbrances at Beginning of Fiscal Year		72,019	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (45,671)**	

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES			HIGHWAY SAFETY		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ —	
	—			—	
	—			—	
	—			—	
	—			—	
	23,016			342,139	
	95			12,604	
	3,517,094			25,027	
	—			—	
	—			539	
	253,690			33,828	
	3,793,895			**414,137**	
$ —	—	$ —	$ —	—	$ —
—	—	—	—	—	—
2,365,889	2,087,453	278,436	—	—	—
2,424,739	2,312,442	112,297	295	226	69
—	—	—	534,219	458,970	75,249
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	6,980	3,949	3,031
—	—	—	11,836	11,744	92
$ 4,790,628	**4,399,895**	**$ 390,733**	**$ 553,330**	**474,889**	**$ 78,441**
	(606,000)			**(60,752)**	
	—			—	
	18			40,594	
	(752)			(7,210)	
	(734)			**33,384**	
	(606,734)			**(27,368)**	
	(704,902)			147,041	
	824,768			33,406	
	$ (486,868)			**$ 153,079**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	NATURAL RESOURCES		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ —	
Sales Taxes		—	
Corporate and Public Utility Taxes		—	
Motor Vehicle Fuel Taxes		—	
Other Taxes		11,197	
Licenses, Permits and Fees		135,528	
Sales, Services and Charges		1,411	
Federal Government		60,500	
Tobacco Settlement		—	
Investment Income		68	
Other		58,425	
TOTAL REVENUES		**267,129**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ —	—	$ —
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	667	486	181
Environmental Protection and Natural Resources	348,593	277,142	71,451
Transportation	—	—	—
General Government	18,117	12,944	5,173
Community and Economic Development	2,159	1,058	1,101
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	**$ 369,536**	**291,630**	**$ 77,906**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(24,501)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		3,586	
Transfers-out		(6,481)	
TOTAL OTHER FINANCING SOURCES (USES)		**(2,895)**	
NET CHANGE IN FUND BALANCES		**(27,396)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		156,207	
Outstanding Encumbrances at Beginning of Fiscal Year		49,099	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 177,910**	

WILDLIFE AND WATERWAYS SAFETY			TOBACCO SETTLEMENT		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ —	
	—			—	
	—			—	
	17,670			—	
	—			—	
	43,187			—	
	545			—	
	17,730			—	
	—			3	
	178			—	
	2,746			586	
	82,056			**589**	
$ —	—	$ —	$ —	—	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	101	100	1
—	—	—	5,474	3,871	1,603
111,845	97,669	14,176	15,771	13,743	2,028
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3,883	3,858	25
31,539	17,536	14,003	—	—	—
—	—	—	—	—	—
$ 143,384	**115,205**	**$ 28,179**	**$ 25,229**	**21,572**	**$ 3,657**
	(33,149)			**(20,983)**	
	—			—	
	275			13,940	
	(9)			(39)	
	266			**13,901**	
	(32,883)			**(7,082)**	
	50,120			11,796	
	23,207			5,196	
	$ 40,444			**$ 9,910**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	TOTAL		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ 13,082	
Sales Taxes		5,676	
Corporate and Public Utility Taxes		1,149	
Motor Vehicle Fuel Taxes		695,111	
Other Taxes		17,111	
Licenses, Permits and Fees		1,258,516	
Sales, Services and Charges		34,367	
Federal Government		8,632,003	
Tobacco Settlement		3	
Investment Income		4,918	
Other		642,404	
TOTAL REVENUES		**11,304,340**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ 3,915,117	3,063,975	$ 851,142
Higher Education Support	68,015	52,660	15,355
Public Assistance and Medicaid	2,365,889	2,087,453	278,436
Health and Human Services	3,241,368	3,016,551	224,817
Justice and Public Protection	1,064,982	873,090	191,892
Environmental Protection and Natural Resources	476,755	388,980	87,775
Transportation	7,552,482	4,548,072	3,004,410
General Government	286,570	142,616	143,954
Community and Economic Development	1,932,289	1,733,597	198,692
CAPITAL OUTLAY	150,013	111,084	38,929
DEBT SERVICE	178,531	160,590	17,941
TOTAL BUDGETARY EXPENDITURES	**$ 21,232,011**	**16,178,668**	**$ 5,053,343**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(4,874,328)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		167,409	
Transfers-in		1,342,578	
Transfers-out		(344,107)	
TOTAL OTHER FINANCING SOURCES (USES)		**1,165,880**	
NET CHANGE IN FUND BALANCES		**(3,708,448)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		(2,019,651)	
Outstanding Encumbrances at Beginning of Fiscal Year		4,187,708	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (1,540,391)**	

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NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The **Coal Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 15 of Article VIII, Ohio Constitution, to finance coal research and development projects.

The **Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2f of Article VIII, Ohio Constitution, to finance the improvement of higher education facilities, public schools, and natural resources.

The **Highway Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2g of Article VIII, Ohio Constitution, to finance the acquisition of rights-of-way and the construction and reconstruction of the State's highways and urban extensions.

The **Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2h of Article VIII, Ohio Constitution, to finance the construction, improvement, and development of higher education facilities, public schools, and natural resources.

The **Highway General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance the construction of the State's highways.

The **Public Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance water pollution controls and improvements at higher education facilities, parks, and natural resources.

The **Vietnam Conflict Compensation General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2j of Article VIII, Ohio Constitution, to provide funding for the compensation to Ohioans that served in the military during the Vietnam Conflict.

The **Local Infrastructure Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2k of Article VIII, Ohio Constitution, to finance the cost of local government's public infrastructure improvement projects.

The **State Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2l of Article VIII, Ohio Constitution, to finance capital improvements at state and local parks and other natural resources-related projects.

The **Highway Capital Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2m of Article VIII, Ohio Constitution, to finance capital improvements to the state highway system.

The **Higher Education Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of capital facilities for state-supported and state-assisted institutions of higher education, including those for technical education.

The **Common Schools Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of facilities for a system of common schools throughout Ohio.

The **Conservation Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2o of Article VIII, Ohio Constitution, to finance the purchase of additional "greenspace" land or interest in land devoted to natural areas, open spaces, and agriculture.

The **Third Frontier Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance research and development in support of Ohio industry, commerce, and business.

The **Job Ready Site Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance the development of sites for industry, distribution, commerce, and research and development.

The **Persian Gulf Conflict Compensation General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2r of Article VIII, Ohio Constitution, to pay compensation to veterans of the Persian Gulf, Afghanistan, and Iraq Conflicts.

The **Economic Development Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds issued to finance loans to individuals, corporations, and agencies within the State for economic development projects that create or retain jobs in the State.

The **Infrastructure Bank Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds that have been authorized under the authority of Section 5531.10, Ohio Revised Code, to finance the construction of the Spring-Sandusky Highway Project in Columbus.

The **Revitalization Project Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds to finance the costs of environmentally safe and productive development, use, or reuse of publicly and privately owned lands, including those within urban areas.

The **Chapter 154 Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of higher education facilities, mental health facilities, parks and recreation projects and facilities, and Cultural Facilities Commission projects.

The **Ohio Building Authority Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of state office buildings and the costs of capital improvements for the Departments of Administrative Services, Youth Services, Transportation, Rehabilitation and Correction, Natural Resources, and Public Safety.

The **Transportation Certificates of Participation Fund** accounts for the payment of certificate of participation-related obligations that financed the acquisition of the Department of Transportation's Panhandle Rail Line Project.

The **OAKS Certificates of Participation Fund** accounts for the payment of certificate of participation-related obligations that finance the State's enterprise resource planning system project, known as the Ohio Administrative Knowledge System (OAKS).

The **STARS Certificates of Participation Fund** accounts for the payment of certificates of participation related obligations that finance the State's Taxation Accounting and Revenue System, known as STARS.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2011
(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer	$ 9	$ —	$ —
Cash and Cash Equivalents	—	130	55
Investments	—	—	—
Collateral on Lent Securities	2	—	—
Other Assets	—	—	—
TOTAL ASSETS	**$ 11**	**$ 130**	**$ 55**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ —	$ —	$ —
Obligations Under Securities Lending	2	—	—
Interfund Payable	—	—	—
Refund and Other Liabilities	—	130	55
TOTAL LIABILITIES	2	130	55
FUND BALANCES:			
Restricted	9	—	—
TOTAL FUND BALANCES	9	—	—
TOTAL LIABILITIES AND FUND BALANCES	**$ 11**	**$ 130**	**$ 55**

DEVELOPMENT GENERAL OBLIGATIONS	HIGHWAY GENERAL OBLIGATIONS	PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS
$ —	$ —	$ —	$ —	$ 6,545	$ 52
224	170	96	28	—	—
—	—	—	—	—	—
—	—	—	—	1,398	11
—	—	—	—	—	—
$ 224	**$ 170**	**$ 96**	**$ 28**	**$ 7,943**	**$ 63**
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	1,398	11
—	—	—	—	—	—
224	170	96	25	—	—
224	170	96	25	1,398	11
—	—	—	3	6,545	52
—	—	—	3	6,545	52
$ 224	**$ 170**	**$ 96**	**$ 28**	**$ 7,943**	**$ 63**

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2011
(dollars in thousands)
(continued)

	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer	$ 15	$ 2,608	$ 7
Cash and Cash Equivalents	—	—	—
Investments	—	—	—
Collateral on Lent Securities	3	557	1
Other Assets	—	—	—
TOTAL ASSETS	**$ 18**	**$ 3,165**	**$ 8**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ —	$ —	$ —
Obligations Under Securities Lending	3	557	1
Interfund Payable	—	—	—
Refund and Other Liabilities	—	—	—
TOTAL LIABILITIES	3	557	1
FUND BALANCES:			
Restricted	15	2,608	7
TOTAL FUND BALANCES	15	2,608	7
TOTAL LIABILITIES AND FUND BALANCES	**$ 18**	**$ 3,165**	**$ 8**

JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS	INFRASTRUCTURE BANK REVENUE BONDS	REVITALIZATION PROJECT REVENUE BONDS	CHAPTER 154 SPECIAL OBLIGATIONS
$ 2,558	$ 11	$ —	$ —	$ —	$ —
—	—	19,556	—	7,607	2,142
—	—	3,564	26,004	3,035	—
547	2	—	—	—	—
—	—	—	—	—	—
$ 3,105	**$ 13**	**$ 23,120**	**$ 26,004**	**$ 10,642**	**$ 2,142**
$ —	$ —	$ 29	$ 32	$ —	$ —
547	2	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
547	2	29	32	—	—
2,558	11	23,091	25,972	10,642	2,142
2,558	11	23,091	25,972	10,642	2,142
$ 3,105	**$ 13**	**$ 23,120**	**$ 26,004**	**$ 10,642**	**$ 2,142**

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2011
(dollars in thousands)
(continued)

	OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS	TRANSPORTATION CERTIFICATES OF PARTICIPATION	OAKS CERTIFICATES OF PARTICIPATION
ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	—	—	—
Investments	14,795	960	14
Collateral on Lent Securities	—	—	—
Other Assets	19	—	—
TOTAL ASSETS	**$ 14,814**	**$ 960**	**$ 14**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 1	$ —	$ 12
Obligations Under Securities Lending	—	—	—
Interfund Payable	2	—	—
Refund and Other Liabilities	11,904	—	—
TOTAL LIABILITIES	11,907	—	12
FUND BALANCES:			
Restricted	2,907	960	2
TOTAL FUND BALANCES	2,907	960	2
TOTAL LIABILITIES AND FUND BALANCES	**$ 14,814**	**$ 960**	**$ 14**

STARS CERTIFICATES OF PARTICIPATION	TOTAL
$ —	$ 11,805
—	30,008
13	48,385
—	2,521
—	19
$ 13	**$ 92,738**

$ 13	$ 87
—	2,521
—	2
—	12,604
13	15,214
—	77,524
—	77,524
$ 13	**$ 92,738**

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
REVENUES:			
Investment Income	$ —	$ —	$ 5
Other	26	—	68
TOTAL REVENUES	**26**	**—**	**73**
EXPENDITURES:			
DEBT SERVICE	6,858	—	146,594
TOTAL EXPENDITURES	**6,858**	**—**	**146,594**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(6,832)**	**—**	**(146,521)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued	—	—	—
Refunding Bonds Issued	—	—	14,950
Payment to Refunded Bond Escrow Agents	—	—	(15,734)
Premiums/Discounts	—	—	8,264
Transfers-in	6,673	—	145,553
TOTAL OTHER FINANCING SOURCES (USES)	**6,673**	**—**	**153,033**
NET CHANGE IN FUND BALANCES	**(159)**	**—**	**6,512**
FUND BALANCES, July 1	168	3	33
FUND BALANCES, JUNE 30	**$ 9**	**$ 3**	**$ 6,545**

STATE PROJECTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS
$ —	$ 104	$ —	$ 6,664	$ 2	$ —
—	—	—	969	—	—
—	**104**	**—**	**7,633**	**2**	**—**
25,217	150,733	86,318	164,225	21,945	30,852
25,217	**150,733**	**86,318**	**164,225**	**21,945**	**30,852**
(25,217)	**(150,629)**	**(86,318)**	**(156,592)**	**(21,943)**	**(30,852)**
—	979	1,814	—	—	632
—	32,610	98,560	129,340	26,120	—
—	(35,639)	(114,143)	(150,986)	(28,206)	—
—	3,731	16,147	22,408	5,222	273
25,209	148,758	83,937	155,840	21,410	29,952
25,209	**150,439**	**86,315**	**156,602**	**24,546**	**30,857**
(8)	**(190)**	**(3)**	**10**	**2,603**	**5**
8	242	3	5	5	2
$ —	**$ 52**	**$ —**	**$ 15**	**$ 2,608**	**$ 7**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS
REVENUES:			
Investment Income	$ —	$ —	$ 7
Other	—	11	—
TOTAL REVENUES	**—**	**11**	**7**
EXPENDITURES:			
DEBT SERVICE	7,586	393	40,640
TOTAL EXPENDITURES	**7,586**	**393**	**40,640**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(7,586)**	**(382)**	**(40,633)**
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued	—	393	516
Refunding Bonds Issued	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—
Premiums/Discounts	2,822	—	—
Transfers-in	7,318	—	44,684
TOTAL OTHER FINANCING SOURCES (USES)	**10,140**	**393**	**45,200**
NET CHANGE IN FUND BALANCES	**2,554**	**11**	**4,567**
FUND BALANCES, July 1	4	—	18,524
FUND BALANCES, JUNE 30	**$ 2,558**	**$ 11**	**$ 23,091**

INFRASTRUCTURE BANK REVENUE BONDS	REVITALIZATION PROJECT REVENUE BONDS	CHAPTER 154 SPECIAL OBLIGATIONS	OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS	TRANSPORTATION CERTIFICATES OF PARTICIPATION	OAKS CERTIFICATES OF PARTICIPATION
$ 486	$ 4	$ —	$ —	$ 72	$ —
—	—	—	2,234	708	—
486	**4**	**—**	**2,234**	**780**	**—**
153,885	16,430	196,250	93,421	768	21,683
153,885	**16,430**	**196,250**	**93,421**	**768**	**21,683**
(153,399)	**(16,426)**	**(196,250)**	**(91,187)**	**12**	**(21,683)**
339	205	—	—	—	—
—	—	—	243,195	—	—
—	—	—	(276,515)	—	—
19,679	—	2,664	37,062	—	—
147,045	18,377	195,617	89,808	—	21,683
167,063	**18,582**	**198,281**	**93,550**	**—**	**21,683**
13,664	**2,156**	**2,031**	**2,363**	**12**	**—**
12,308	8,486	111	544	948	2
$ 25,972	**$ 10,642**	**$ 2,142**	**$ 2,907**	**$ 960**	**$ 2**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)
(continued)

	STARS CERTIFICATES OF PARTICIPATION	TOTAL
REVENUES:		
Investment Income	$ —	$ 7,344
Other	—	4,016
TOTAL REVENUES	**—**	**11,360**
EXPENDITURES:		
DEBT SERVICE	4,972	1,168,770
TOTAL EXPENDITURES	**4,972**	**1,168,770**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(4,972)**	**(1,157,410)**
OTHER FINANCING SOURCES (USES):		
Bonds and Certificates of Participation Issued	—	4,878
Refunding Bonds Issued	—	544,775
Payment to Refunded Bond Escrow Agents	—	(621,223)
Premiums/Discounts	—	118,272
Transfers-in	4,972	1,146,836
TOTAL OTHER FINANCING SOURCES (USES)	**4,972**	**1,193,538**
NET CHANGE IN FUND BALANCES	**—**	**36,128**
FUND BALANCES, July 1	—	41,396
FUND BALANCES, JUNE 30	**$ —**	**$ 77,524**

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ —	
Other		6,693	
TOTAL REVENUES		**6,693**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 10,947	6,858	$ 4,089
TOTAL BUDGETARY EXPENDITURES	**$ 10,947**	**6,858**	**$ 4,089**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(165)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		18	
TOTAL OTHER FINANCING SOURCES (USES)		**18**	
NET CHANGE IN FUND BALANCES		**(147)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		156	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 9**	

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 5			$ —	
	145,766			25,228	
	145,771			**25,228**	
$ 163,444	145,650	$ 17,794	$ 26,549	25,217	$ 1,332
$ 163,444	**145,650**	**$ 17,794**	**$ 26,549**	**25,217**	**$ 1,332**
	121			**11**	
	6,536			—	
	—			—	
	6,536			**—**	
	6,657			**11**	
	(113)			(11)	
	$ 6,544			**$ —**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 113	
Other		—	
TOTAL REVENUES		**113**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 203,434	149,401	$ 54,033
TOTAL BUDGETARY EXPENDITURES	**$ 203,434**	**149,401**	**$ 54,033**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(149,288)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		349	
Transfers-in		148,758	
TOTAL OTHER FINANCING SOURCES (USES)		**149,107**	
NET CHANGE IN FUND BALANCES		**(181)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		233	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 52**	

HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ 6,664	
	83,947			156,825	
	83,947			**163,489**	
$ 89,480	83,940	$ 5,540	$ 167,039	163,463	$ 3,576
$ 89,480	**83,940**	**$ 5,540**	**$ 167,039**	**163,463**	**$ 3,576**
	7			**26**	
	—			—	
	—			—	
	—			**—**	
	7			**26**	
	(7)			(12)	
	$ —			**$ 14**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 2	
Other		21,422	
TOTAL REVENUES		**21,424**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 25,685	21,413	$ 4,272
TOTAL BUDGETARY EXPENDITURES	**$ 25,685**	**21,413**	**$ 4,272**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**11**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		2,604	
Transfers-in		—	
TOTAL OTHER FINANCING SOURCES (USES)		**2,604**	
NET CHANGE IN FUND BALANCES		**2,615**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(7)	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 2,608**	

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ —	
	29,952			7,326	
	29,952			**7,326**	
$ 30,852	29,947	$ 905	$ 10,602	7,320	$ 3,282
$ 30,852	**29,947**	**$ 905**	**$ 10,602**	**7,320**	**$ 3,282**
	5			**6**	
	—			2,555	
	—			—	
	—			**2,555**	
	5			**2,561**	
	2			(4)	
	$ 7			**$ 2,557**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

(continued)

	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ —	
Other		11	
TOTAL REVENUES		**11**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ —	—	$ —
TOTAL BUDGETARY EXPENDITURES	**$ —**	**—**	**$ —**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**11**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**11**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 11**	

TOTAL		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 6,784	
	477,170	
	483,954	
$ 728,032	633,209	$ 94,823
$ 728,032	**633,209**	**$ 94,823**
	(149,255)	
	12,044	
	148,776	
	160,820	
	11,565	
	237	
	$ 11,802	

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The **Infrastructure Bank Obligations Fund** accounts for revenue bond proceeds that finance various highway construction projects sponsored by the Department of Transportation.

The **Mental Health/Developmental Disabilities Facilities Improvements Fund** accounts for special obligation bond proceeds that finance the construction of mental health/developmental disabilities facilities.

The **Parks and Recreation Improvements Fund** accounts for special obligation bond proceeds that finance the capital improvement of parks and recreation facilities.

The **Administrative Services Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Administrative Services.

The **Youth Services Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Youth Services.

The **Adult Correctional Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Rehabilitation and Correction.

The **Highway Safety Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Public Safety.

The **Ohio Parks and Natural Resources Fund** accounts for general obligation bond proceeds that finance capital improvements for state and local parks and other natural resources-related projects.

The **Highway Capital Improvement Fund** accounts for general obligation bond proceeds that finance capital improvements to the state highway system.

The **OAKS Project Fund** accounts for certificate of participation proceeds that finance the costs of the Ohio Administrative Knowledge System (OAKS) project, which is a statewide enterprise resource planning system.

The **STARS Project Fund** accounts for certificate of participation proceeds that finance the costs of the State's Taxation Accounting and Revenue System (STARS) technology project.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011
(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
ASSETS:			
Cash Equity with Treasurer	$ 203,221	$ 22,120	$ 32,053
Investments	—	—	—
Collateral on Lent Securities	43,418	4,726	6,848
TOTAL ASSETS	**$ 246,639**	**$ 26,846**	**$ 38,901**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 7,928	$ 1,369	$ 233
Obligations Under Securities Lending	43,418	4,726	6,848
Payable to Component Units	—	—	—
TOTAL LIABILITIES	51,346	6,095	7,081
FUND BALANCES:			
Restricted	195,293	20,751	31,820
TOTAL FUND BALANCES	195,293	20,751	31,820
TOTAL LIABILITIES AND FUND BALANCES	**$ 246,639**	**$ 26,846**	**$ 38,901**

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
$ 20,129	$ 15,233	$ 28,630	$ 2,078	$ 13,769	$ 154,239
—	—	—	—	—	—
4,301	3,255	6,117	444	2,942	32,953
$ 24,430	**$ 18,488**	**$ 34,747**	**$ 2,522**	**$ 16,711**	**$ 187,192**
$ 948	$ 721	$ 1,290	$ 155	$ 586	$ 12,086
4,301	3,255	6,117	444	2,942	32,953
276	—	—	—	—	—
5,525	3,976	7,407	599	3,528	45,039
18,905	14,512	27,340	1,923	13,183	142,153
18,905	14,512	27,340	1,923	13,183	142,153
$ 24,430	**$ 18,488**	**$ 34,747**	**$ 2,522**	**$ 16,711**	**$ 187,192**

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011
(dollars in thousands)
(continued)

	OAKS PROJECT	STARS PROJECT	TOTAL
ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ 491,472
Investments	10,832	16,545	27,377
Collateral on Lent Securities	—	—	105,004
TOTAL ASSETS	**$ 10,832**	**$ 16,545**	**$ 623,853**
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 1,096	$ 1,355	$ 27,767
Obligations Under Securities Lending	—	—	105,004
Payable to Component Units	—	—	276
TOTAL LIABILITIES	1,096	1,355	133,047
FUND BALANCES:			
Restricted	9,736	15,190	490,806
TOTAL FUND BALANCES	9,736	15,190	490,806
TOTAL LIABILITIES AND FUND BALANCES	**$ 10,832**	**$ 16,545**	**$ 623,853**

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
REVENUES:			
Investment Income	$ 416	$ 87	$ 45
Other	—	2,302	—
TOTAL REVENUES	**416**	**2,389**	**45**
EXPENDITURES:			
CAPITAL OUTLAY	184,955	16,428	11,546
TOTAL EXPENDITURES	**184,955**	**16,428**	**11,546**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(184,539)**	**(14,039)**	**(11,501)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued	229,661	—	30,000
Premiums/Discounts	339	—	—
TOTAL OTHER FINANCING SOURCES (USES)	**230,000**	**—**	**30,000**
NET CHANGE IN FUND BALANCES	**45,461**	**(14,039)**	**18,499**
FUND BALANCES, July 1	149,832	34,790	13,321
FUND BALANCES, JUNE 30	**$ 195,293**	**$ 20,751**	**$ 31,820**

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
$ 115	$ 26	$ 45	$ 6	$ 72	$ 377
—	30	23	—	3	—
115	**56**	**68**	**6**	**75**	**377**
31,275	12,965	24,155	175	19,105	138,781
31,275	**12,965**	**24,155**	**175**	**19,105**	**138,781**
(31,160)	**(12,909)**	**(24,087)**	**(169)**	**(19,030)**	**(138,404)**
—	15,000	40,000	—	—	174,021
—	—	—	—	—	979
—	**15,000**	**40,000**	**—**	**—**	**175,000**
(31,160)	**2,091**	**15,913**	**(169)**	**(19,030)**	**36,596**
50,065	12,421	11,427	2,092	32,213	105,557
$ 18,905	**$ 14,512**	**$ 27,340**	**$ 1,923**	**$ 13,183**	**$ 142,153**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)
(continued)

	OAKS PROJECT	STARS PROJECT	TOTAL
REVENUES:			
Investment Income	$ 1	$ 2	$ 1,192
Other	—	—	2,358
TOTAL REVENUES	**1**	**2**	**3,550**
EXPENDITURES:			
CAPITAL OUTLAY	12,408	4,936	456,729
TOTAL EXPENDITURES	**12,408**	**4,936**	**456,729**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(12,407)**	**(4,934)**	**(453,179)**
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued	—	—	488,682
Premiums/Discounts	—	—	1,318
TOTAL OTHER FINANCING SOURCES (USES)	**—**	**—**	**490,000**
NET CHANGE IN FUND BALANCES	**(12,407)**	**(4,934)**	**36,821**
FUND BALANCES, July 1	22,143	20,124	453,985
FUND BALANCES, JUNE 30	**$ 9,736**	**$ 15,190**	**$ 490,806**

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 417	
Other		—	
TOTAL REVENUES		**417**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 565,823	440,605	$ 125,218
TOTAL BUDGETARY EXPENDITURES	**$ 565,823**	**440,605**	**$ 125,218**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(440,188)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		230,000	
TOTAL OTHER FINANCING SOURCES (USES)		**230,000**	
NET CHANGE IN FUND BALANCES		**(210,188)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(174,188)	
Outstanding Encumbrances at Beginning of Fiscal Year.		332,556	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (51,820)**	

MENTAL HEALTH/DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS			PARKS AND RECREATION IMPROVEMENTS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 87			$ 45	
	2,303			—	
	2,390			**45**	
$ 163,970	53,655	$ 110,315	$ 65,946	22,232	$ 43,714
$ 163,970	**53,655**	**$ 110,315**	**$ 65,946**	**22,232**	**$ 43,714**
	(51,265)			**(22,187)**	
	—			30,000	
	—			**30,000**	
	(51,265)			**7,813**	
	(9,379)			(2,380)	
	45,186			15,852	
	$ (15,458)			**$ 21,285**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)
(continued)

	ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 114	
Other		—	
TOTAL REVENUES		**114**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 86,098	46,238	$ 39,860
TOTAL BUDGETARY EXPENDITURES	**$ 86,098**	**46,238**	**$ 39,860**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(46,124)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**(46,124)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		32,668	
Outstanding Encumbrances at Beginning of Fiscal Year.		18,261	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 4,805**	

YOUTH SERVICES BUILDING IMPROVEMENTS			ADULT CORRECTIONAL BUILDING IMPROVEMENTS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 26			$ 45	
	30			24	
	56			**69**	
$ 30,334	26,085	$ 4,249	$ 154,348	46,810	$ 107,538
$ 30,334	**26,085**	**$ 4,249**	**$ 154,348**	**46,810**	**$ 107,538**
	(26,029)			**(46,741)**	
	15,000			40,000	
	15,000			**40,000**	
	(11,029)			**(6,741)**	
	(5,593)			(18,414)	
	19,211			33,847	
	$ 2,589			**$ 8,692**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)
(continued)

	HIGHWAY SAFETY BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 7	
Other		—	
TOTAL REVENUES		**7**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 2,085	200	$ 1,885
TOTAL BUDGETARY EXPENDITURES	**$ 2,085**	**200**	**$ 1,885**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(193)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**(193)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		1,907	
Outstanding Encumbrances at Beginning of Fiscal Year.		184	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 1,898**	

OHIO PARKS AND NATURAL RESOURCES			HIGHWAY CAPITAL IMPROVEMENTS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 72			$ 377	
	3			1	
	75			**378**	
$ 58,034	28,298	$ 29,736	$ 770,218	292,701	$ 477,517
$ 58,034	**28,298**	**$ 29,736**	**$ 770,218**	**292,701**	**$ 477,517**
	(28,223)			**(292,323)**	
	—			175,000	
	—			**175,000**	
	(28,223)			**(117,323)**	
	24,363			(90,074)	
	8,211			205,706	
	$ 4,351			**$ (1,691)**	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)
(continued)

	TOTAL		
	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 1,190	
Other		2,361	
TOTAL REVENUES		**3,551**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 1,896,856	956,824	$ 940,032
TOTAL BUDGETARY EXPENDITURES	**$ 1,896,856**	**956,824**	**$ 940,032**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(953,273)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		490,000	
TOTAL OTHER FINANCING SOURCES (USES)		**490,000**	
NET CHANGE IN FUND BALANCES		**(463,273)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(241,090)	
Outstanding Encumbrances at Beginning of Fiscal Year		679,014	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (25,349)**	

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

The **Ohio Building Authority Fund** accounts for the Authority's local government office building lease operations and for the maintenance of all government office buildings owned or leased by the Authority.

The **Tuition Trust Authority Fund** accounts for the operations of the Ohio Tuition Trust Authority, including the sale of tuition credits under its guaranteed return option program.

The **Liquor Control Fund** accounts for the State's liquor sales operations of the Ohio Department of Commerce's Division of Liquor Control.

The **Underground Parking Garage Fund** accounts for the operations of the State's underground parking facilities at Capitol Square in Columbus.

The **Office of Auditor of State Fund** accounts for the operations of the Ohio Auditor of State's Office, which provides government audit and management advisory services to Ohio's public offices.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2011
(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ —	$ 639	$ 18,626
Cash and Cash Equivalents	555	2,426	—
Collateral on Lent Securities	—	157	3,980
Restricted Assets:			
Investments	29,211	476,647	—
Intergovernmental Receivable	—	—	—
Interfund Receivable	2	—	—
Other Receivables	806	972	2,437
Inventories	—	—	38,533
Other Assets	359	3,178	124
TOTAL CURRENT ASSETS	**30,933**	**484,019**	**63,700**
NONCURRENT ASSETS:			
Restricted Assets:			
Investments	—	31,803	—
Investments	—	90,669	—
Interfund Receivable	—	—	—
Capital Assets Being Depreciated, Net	—	190	918
TOTAL NONCURRENT ASSETS	**—**	**122,662**	**918**
TOTAL ASSETS	**30,933**	**606,681**	**64,618**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	3,674	269	25,164
Accrued Liabilities	—	1,073	905
Obligations Under Securities Lending	—	157	3,980
Interfund Payable	—	—	3,254
Unearned Revenue	—	—	—
Benefits Payable	—	81,936	—
Refund and Other Liabilities	238	555	3,627
TOTAL CURRENT LIABILITIES	**3,912**	**83,990**	**36,930**
NONCURRENT LIABILITIES:			
Interfund Payable	—	—	1,181
Benefits Payable	—	510,663	—
Refund and Other Liabilities	—	—	2,094
TOTAL NONCURRENT LIABILITIES	**—**	**510,663**	**3,275**
TOTAL LIABILITIES	**3,912**	**594,653**	**40,205**
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	—	190	918
Unrestricted	27,021	11,838	23,495
TOTAL NET ASSETS	**$ 27,021**	**$ 12,028**	**$ 24,413**

UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
$ 1,298	$ 13,217	$ 33,780
—	139	3,120
274	—	4,411
—	—	505,858
—	10,243	10,243
—	1,602	1,604
6	125	4,346
—	—	38,533
13	433	4,107
1,591	**25,759**	**606,002**
—	—	31,803
—	—	90,669
—	9,073	9,073
4,488	1,805	7,401
4,488	**10,878**	**138,946**
6,079	**36,637**	**744,948**
64	514	29,685
107	3,040	5,125
274	—	4,411
3	142	3,399
—	892	892
—	—	81,936
23	1,441	5,884
471	**6,029**	**131,332**
521	9,073	10,775
—	—	510,663
139	7,016	9,249
660	**16,089**	**530,687**
1,131	**22,118**	**662,019**
4,488	1,805	7,401
460	12,714	75,528
$ 4,948	**$ 14,519**	**$ 82,929**

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
OPERATING REVENUES:			
Charges for Sales and Services	$ 22,883	$ 9,979	$ 732,211
Investment Income	—	88,874	—
Other	1,407	40,300	1,362
TOTAL OPERATING REVENUES	**24,290**	**139,153**	**733,573**
OPERATING EXPENSES:			
Costs of Sales and Services	19,538	—	442,227
Administration	2,171	12,174	64,573
Benefits and Claims	—	67,442	—
Depreciation	—	55	383
Other	367	—	617
TOTAL OPERATING EXPENSES	**22,076**	**79,671**	**507,800**
OPERATING INCOME (LOSS)	**2,214**	**59,482**	**225,773**
NONOPERATING REVENUES (EXPENSES):			
Investment Income	10	—	—
Other	—	—	—
TOTAL NONOPERATING REVENUES (EXPENSES)	**10**	**—**	**—**
INCOME (LOSS) BEFORE TRANSFERS	**2,224**	**59,482**	**225,773**
TRANSFERS:			
Transfers-in	1,058	—	12
Transfers-out	(969)	—	(222,126)
TOTAL TRANSFERS	**89**	**—**	**(222,114)**
NET INCOME (LOSS)	**2,313**	**59,482**	**3,659**
NET ASSETS (DEFICITS), JULY 1	24,708	(47,454)	20,754
NET ASSETS, JUNE 30	**$ 27,021**	**$ 12,028**	**$ 24,413**

UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
$ 3,176	$ 40,188	$ 808,437
—	—	88,874
—	200	43,269
3,176	**40,388**	**940,580**
—	63,756	525,521
2,715	4,863	86,496
—	—	67,442
442	563	1,443
14	—	998
3,171	**69,182**	**681,900**
5	**(28,794)**	**258,680**
2	—	12
—	(3)	(3)
2	**(3)**	**9**
7	**(28,797)**	**258,689**
—	29,823	30,893
(96)	—	(223,191)
(96)	**29,823**	**(192,298)**
(89)	**1,026**	**66,391**
5,037	13,493	16,538
$ 4,948	**$ 14,519**	**$ 82,929**

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 22,357	$ —	$ 730,212
Cash Received from Interfund Services Provided	1,154	—	18
Other Operating Cash Receipts	1,449	9,723	1,344
Cash Payments to Suppliers for Goods and Services	(22,711)	(2,686)	(488,646)
Cash Payments to Employees for Services	(1,047)	(9,174)	(17,245)
Cash Payments for Interfund Services Used	—	(273)	(3,497)
Other Operating Cash Payments	—	(67,442)	(5)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**1,202**	**(69,852)**	**222,181**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	1,058	—	12
Transfers-out	(969)	—	(222,126)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**89**	**—**	**(222,114)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	—	—	(208)
Proceeds from Sales of Capital Assets	—	—	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**—**	**—**	**(208)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments	(25,091)	(1,561,275)	—
Proceeds from the Sales and Maturities of Investments	23,864	1,615,759	—
Investment Income Received	10	16,731	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	**(1,217)**	**71,215**	**—**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**74**	**1,363**	**(141)**
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	481	1,702	18,767
CASH AND CASH EQUIVALENTS, JUNE 30	**$ 555**	**$ 3,065**	**$ 18,626**

UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
$ 2,341	$ 32,588	$ 787,498
835	7,932	9,939
—	125	12,641
(1,018)	(1,693)	(516,754)
(1,719)	(65,926)	(95,111)
(171)	(3,132)	(7,073)
(2)	—	(67,449)
266	**(30,106)**	**123,691**
—	30,040	31,110
(96)	—	(223,191)
(96)	**30,040**	**(192,081)**
(152)	(20)	(380)
—	5	5
(152)	**(15)**	**(375)**
—	—	(1,586,366)
—	—	1,639,623
3	—	16,744
3	**—**	**70,001**
21	**(81)**	**1,236**
1,277	13,437	35,664
$ 1,298	**$ 13,356**	**$ 36,900**

(continued)

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)
(continued)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ 2,214	$ 59,482	$ 225,773
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	—	(88,874)	—
Depreciation	—	—	383
Amortization of Premiums and Discounts	2	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivable	—	—	—
Interfund Receivable	(1)	—	—
Other Receivables	(764)	119	(2,398)
Inventories	—	—	3,602
Other Assets	(8)	175	(124)
Increase (Decrease) in Liabilities:			
Accounts Payable	(287)	38	(4,859)
Accrued Liabilities	—	(69)	(496)
Interfund Payable	—	—	244
Unearned Revenue	—	—	—
Refund and Other Liabilities	46	(40,723)	56
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**$ 1,202**	**$ (69,852)**	**$ 222,181**

UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
$ 5	$ (28,794)	$ 258,680
—	—	(88,874)
442	563	1,388
—	—	2
—	(778)	(778)
—	219	218
(2)	(24)	(3,069)
—	—	3,602
(13)	(433)	(403)
63	118	(4,927)
10	(2,071)	(2,626)
(39)	532	737
—	892	892
(200)	(330)	(41,151)
$ 266	**$ (30,106)**	**$ 123,691**

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AGENCY FUNDS

Agency Funds account for resources the State holds in a purely custodial capacity (assets equal liabilities) for individuals, private organizations, or other governments.

The **Holding and Distribution Fund** accounts for assets held until such time that a determination has been made to refund amounts to the individuals, private organizations, or other governments.

The **Centralized Child Support Collections Fund** accounts for assets temporarily held for custodial parents.

The **Retirement Systems Fund** accounts for assets held in the custody of the Treasurer of State for the Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, School Employees Retirement System of Ohio, and State Teachers Retirement System of Ohio. While legal custodian, the Treasurer of State does not manage or provide investment services to the foregoing retirement systems.

The **Payroll Withholding and Fringe Benefits Fund** primarily accounts for assets held to liquidate the State's payroll withholding obligations.

The **Other Fund** accounts for assets held for others, which are not accounted for in another agency fund.

STATE OF OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011
(dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
ASSETS:			
Cash Equity with Treasurer	$ 33,985	$ —	$ —
Cash and Cash Equivalents	694	54,523	—
Investments (at fair value):			
U.S. Government and Agency Obligations	—	—	14,808,432
Common and Preferred Stock	—	—	51,643,647
Corporate Bonds and Notes	—	—	13,636,915
Foreign Stocks and Bonds	—	—	41,101,806
Commercial Paper	—	—	6,042,703
Repurchase Agreements	—	—	508,818
Mutual Funds	—	—	8,611,239
Real Estate	—	—	13,172,770
Venture Capital	—	—	9,847,920
Direct Mortgage Loans	—	—	6,284,992
Partnership and Hedge Funds	—	—	2,041,220
State Treasury Asset Reserve of Ohio (STAR Ohio)	—	6,447	—
Collateral on Lent Securities	7,264	—	—
Other Receivables	1,336	—	—
Other Assets	—	—	—
TOTAL ASSETS	**$ 43,279**	**$ 60,970**	**$ 167,700,462**
LIABILITIES:			
Obligations Under Securities Lending	$ 7,264	$ —	$ —
Intergovernmental Payable	17,104	—	—
Refund and Other Liabilities	18,911	60,970	167,700,462
TOTAL LIABILITIES	**$ 43,279**	**$ 60,970**	**$ 167,700,462**

PAYROLL WITHHOLDING AND FRINGE BENEFITS	OTHER	TOTAL
$ 118,444	$ 130,607	$ 283,036
9,996	43,212	108,425
—	—	14,808,432
—	—	51,643,647
—	—	13,636,915
—	—	41,101,806
—	—	6,042,703
—	—	508,818
—	34,919	8,646,158
—	—	13,172,770
—	—	9,847,920
—	—	6,284,992
—	—	2,041,220
—	58,607	65,054
21,458	27,904	56,626
—	—	1,336
—	434,393	434,393
$ 149,898	**$ 729,642**	**$ 168,684,251**
$ 21,458	$ 27,904	$ 56,626
27,519	129,816	174,439
100,921	571,922	168,453,186
$ 149,898	**$ 729,642**	**$ 168,684,251**

STATE OF OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	BALANCE July 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2011
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	$ 41,079	$ 566,592	$ 573,686	$ 33,985
Cash and Cash Equivalents	894	9,816	10,016	694
Collateral on Lent Securities	11,716	7,264	11,716	7,264
Other Receivables	1,343	1,336	1,343	1,336
Total Assets	**$ 55,032**	**$ 585,008**	**$ 596,761**	**$ 43,279**
LIABILITIES				
Obligations Under Securities Lending	$ 11,716	$ 7,264	$ 11,716	$ 7,264
Intergovernmental Payable	15,435	40,249	38,580	17,104
Refund and Other Liabilities	27,881	537,495	546,465	18,911
Total Liabilities	**$ 55,032**	**$ 585,008**	**$ 596,761**	**$ 43,279**
CENTRALIZED CHILD SUPPORT COLLECTIONS				
ASSETS				
Cash and Cash Equivalents	$ 52,496	$ 1,942,992	$ 1,940,965	$ 54,523
Investments	6,527	—	80	6,447
Total Assets	**$ 59,023**	**$ 1,942,992**	**$ 1,941,045**	**$ 60,970**
LIABILITIES				
Refund and Other Liabilities	$ 59,023	$ 1,942,992	$ 1,941,045	$ 60,970
Total Liabilities	**$ 59,023**	**$ 1,942,992**	**$ 1,941,045**	**$ 60,970**
RETIREMENT SYSTEMS				
ASSETS				
Investments	$ 146,765,956	$ 275,270,913	$ 254,336,407	$ 167,700,462
Total Assets	**$ 146,765,956**	**$ 275,270,913**	**$ 254,336,407**	**$ 167,700,462**
LIABILITIES				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System	$ 68,533,642	$ 190,050,931	$ 182,360,589	$ 76,223,984
Police and Fire Pension Fund	10,541,648	21,926,451	19,746,825	12,721,274
School Employees Retirement System	8,916,529	15,322,859	13,476,770	10,762,618
State Teachers Retirement System	58,774,137	47,970,672	38,752,223	67,992,586
Total Liabilities	**$ 146,765,956**	**$ 275,270,913**	**$ 254,336,407**	**$ 167,700,462**

	BALANCE July 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2011
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	$ 78,661	$ 1,555,020	$ 1,515,237	$ 118,444
Cash and Cash Equivalents	39,153	405,566	434,723	9,996
Collateral on Lent Securities	21,172	21,458	21,172	21,458
Total Assets	**$ 138,986**	**$ 1,982,044**	**$ 1,971,132**	**$ 149,898**
LIABILITIES				
Obligations Under Securities Lending	$ 21,172	$ 21,458	$ 21,172	$ 21,458
Intergovernmental Payable	28,819	32,352	33,652	27,519
Refund and Other Liabilities	88,995	1,493,599	1,481,673	100,921
Total Liabilities	**$ 138,986**	**$ 1,547,409**	**$ 1,536,497**	**$ 149,898**
OTHER				
ASSETS				
Cash Equity with Treasurer	$ 120,005	$ 2,285,435	$ 2,274,833	$ 130,607
Cash and Cash Equivalents	43,134	62,203,935	62,203,857	43,212
Investments	89,447	245,274	241,195	93,526
Collateral on Lent Securities	34,201	27,904	34,201	27,904
Other Receivables	—	1	1	—
Other Assets	428,812	125,913	120,332	434,393
Total Assets	**$ 715,599**	**$ 64,888,462**	**$ 64,874,419**	**$ 729,642**
LIABILITIES				
Obligations Under Securities Lending	$ 34,201	$ 27,904	$ 34,201	$ 27,904
Intergovernmental Payable	118,877	2,273,542	2,262,603	129,816
Refund and Other Liabilities	562,521	62,587,016	62,577,615	571,922
Total Liabilities	**$ 715,599**	**$ 64,888,462**	**$ 64,874,419**	**$ 729,642**
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	$ 239,745	$ 4,407,047	$ 4,363,756	$ 283,036
Cash and Cash Equivalents	135,677	64,562,309	64,589,561	108,425
Investments	146,861,930	275,516,187	254,577,682	167,800,435
Collateral on Lent Securities	67,089	56,626	67,089	56,626
Other Receivables	1,343	1,337	1,344	1,336
Other Assets	428,812	125,913	120,332	434,393
Total Assets	**$ 147,734,596**	**$ 344,669,419**	**$ 323,719,764**	**$ 168,684,251**
LIABILITIES				
Obligations Under Securities Lending	$ 67,089	$ 56,626	$ 67,089	$ 56,626
Intergovernmental Payable	163,131	2,346,143	2,334,835	174,439
Refund and Other Liabilities	147,504,376	341,832,015	320,883,205	168,453,186
Total Liabilities	**$ 147,734,596**	**$ 344,234,784**	**$ 323,285,129**	**$ 168,684,251**

NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS

Nonmajor Discretely Presented Component Unit Funds account for the financial activities of the State of Ohio's component units, organizations that are legally separate from the State's primary government and for which the primary government is financially accountable.

The **Cultural Facilities Commission Fund** accounts for the Cultural Facilities Commission's operations, including the construction of cultural arts and sports facilities at the state and local level.

The **eTech Ohio Commission Fund** accounts for the eTech Ohio Commission's operations, including programs designed to assist Ohio's public schools acquire and maximize the use of educational technology.

The **Ohio Air Quality Development Authority Fund** accounts for the Ohio Air Quality Development Authority's operations, including programs that assist Ohio's businesses, government agencies, and not-for-profit organizations with financing projects that increase energy efficiency and reduce air pollution. The Authority's financial statements are presented for the fiscal year ended December 31, 2009.

The **Ohio Capital Fund** accounts for the operations of the State's venture capital program fund.

The **Ohio University Fund** accounts for the operations of Ohio University and the Ohio University Foundation. The university is located in Athens, Ohio.

The **Miami University Fund** accounts for the operations of Miami University and the Miami University Foundation. The university is located in Oxford, Ohio.

The **University of Akron Fund** accounts for the operations of the University of Akron, the University of Akron Foundation, and the University of Akron Research Foundation.

The **Bowling Green State University Fund** accounts for the operations of Bowling Green State University and the Bowling Green State University Foundation.

The **Kent State University Fund** accounts for the operations of Kent State University and the Kent State University Foundation.

The **University of Toledo Fund** accounts for the operations of the University of Toledo, the University of Toledo Foundation and the Medical University of Ohio at Toledo Foundation (the foundations), and the University of Toledo Clinical Faculty, Inc.

The **Cleveland State University Fund** accounts for the operations of Cleveland State University, the Cleveland State University Foundation, and the Euclid Avenue Housing Corporation.

The **Youngstown State University Fund** accounts for the operations of Youngstown State University, the Youngstown State University Foundation, and the University Housing Corporation.

The **Wright State University Fund** accounts for the operations of Wright State University and the Wright State University Foundation. The university is located in Dayton, Ohio.

The **Shawnee State University Fund** accounts for the operations of Shawnee State University and the Shawnee State University Development Foundation. The university is located in Portsmouth, Ohio.

The **Central State University Fund** accounts for the operations of Central State University and the Central State University Foundation. The university is located in Wilberforce, Ohio with a branch campus in Dayton, Ohio.

The **Terra State Community College Fund** accounts for the operations of Terra State Community College and Terra College Foundation. The college is located in Fremont, Ohio.

The **Columbus State Community College Fund** accounts for the operations of Columbus State Community College and the Columbus State Community College Development Foundation, Inc.

The **Clark State Community College Fund** accounts for the operations of Clark State Community College and the Clark State Community College Foundation. The college is located in Springfield, Ohio.

The **Edison State Community College Fund** accounts for the operations of Edison State Community College and the Edison Foundation, Inc. The college is located in Piqua, Ohio.

The **Southern State Community College Fund** accounts for the operations of Southern State Community College and the Southern State Community College Foundation. The college is located in Hillsboro, Ohio.

The **Washington State Community College Fund** accounts for the operations of Washington State Community College and the Washington State Foundation. The college is located in Marietta, Ohio.

The **Cincinnati State Community College Fund** accounts for the operations of Cincinnati State Community College.

The **Northwest State Community College Fund** accounts for the operations of Northwest State Community College and the Northwest State Community College Foundation. The college is located in Archbold, Ohio.

The **Owens State Community College Fund** accounts for the operations of Owens State Community College and the Owens State Community College Foundation. The college is located in Toledo, Ohio with a branch campus in Findlay, Ohio.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2011
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/10)
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ 30,179	$ 5,088	$ 41,851
Cash and Cash Equivalents	—	—	7,814
Investments	—	—	—
Collateral on Lent Securities	6,448	1,087	—
Intergovernmental Receivable	—	—	36
Loans Receivable, Net	—	—	1,514
Receivable from Primary Government	—	—	—
Other Receivables	5	6	42
Inventories	—	—	—
Other Assets	6	6	8
TOTAL CURRENT ASSETS	**36,638**	**6,187**	**51,265**
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Investments	—	—	—
Investments	—	—	—
Loans Receivable, Net	—	—	21,924
Other Receivables	—	—	—
Other Assets	—	—	—
Capital Assets Being Depreciated, Net	39,192	3,081	17
Capital Assets Not Being Depreciated	11,858	—	—
TOTAL NONCURRENT ASSETS	**51,050**	**3,081**	**21,941**
TOTAL ASSETS	**87,688**	**9,268**	**73,206**
Deferred Outflows of Resources	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**87,688**	**9,268**	**73,206**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	1,620	247	62
Accrued Liabilities	76	64	255
Obligations Under Securities Lending	6,448	1,087	—
Intergovernmental Payable	—	—	—
Unearned Revenue	—	—	—
Refund and Other Liabilities	13	47	—
Bonds and Notes Payable	—	—	—
TOTAL CURRENT LIABILITIES	**8,157**	**1,445**	**317**
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	—
Unearned Revenue	—	—	—
Refund and Other Liabilities	84	77	—
Bonds and Notes Payable	—	—	—
TOTAL NONCURRENT LIABILITIES	**84**	**77**	**—**
TOTAL LIABILITIES	**8,241**	**1,522**	**317**
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt	51,050	3,081	17
Restricted for:			
Environmental Protection and Natural Resources	—	—	5,340
Community and Economic Development	28,107	—	55,679
Nonexpendable:			
Scholarships and Fellowships	—	—	—
Research	—	—	—
Endowments and Quasi-Endowments	—	—	—
Loans, Grants and Other College and University Purposes	—	—	—
Expendable:			
Scholarships and Fellowships	—	—	—
Research	—	—	—
Instructional Department Uses	—	—	—
Student and Public Services	—	—	—
Academic Support	—	—	—
Debt Service	—	—	—
Capital Purposes	—	—	—
Endowments and Quasi-Endowments	—	—	—
Current Operations	—	—	—
Loans, Grants and Other College and University Purposes	—	—	—
Unrestricted	290	4,665	11,853
TOTAL NET ASSETS (DEFICITS)	**$ 79,447**	**$ 7,746**	**$ 72,889**

OHIO CAPITAL FUND	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY
$ —	$ —	$ —	$ —	$ —	$ —
5,573	182,424	165,130	53,010	18,869	84,656
—	286,276	197,759	151,800	182,762	269,177
—	—	—	—	—	—
—	10,224	2,926	—	—	4,568
—	2,004	4,692	1,954	1,088	—
—	2,670	5,584	—	14,612	1,453
150	58,387	31,253	32,107	5,808	41,654
—	2,057	3,911	939	2,781	1,923
—	16,739	2,944	3,399	1,593	4,153
5,723	**560,781**	**414,199**	**243,209**	**227,513**	**407,584**
—	10,486	1,475	—	—	24,467
—	—	399,167	41,166	64,935	—
108,130	168,112	—	193,153	108,010	192,846
—	11,510	5,026	9,728	7,535	20,762
—	8,228	32,881	9,860	6,510	4,921
3,446	21,340	—	5,471	5,046	3,469
—	607,676	636,890	623,608	274,853	561,272
—	52,185	77,077	76,170	181,190	41,182
111,576	**879,537**	**1,152,516**	**959,156**	**648,079**	**848,919**
117,299	**1,440,318**	**1,566,715**	**1,202,365**	**875,592**	**1,256,503**
—	—	—	—	—	293
117,299	**1,440,318**	**1,566,715**	**1,202,365**	**875,592**	**1,256,796**
—	14,918	21,673	8,399	14,014	23,298
3,955	31,837	15,137	24,657	10,115	27,596
—	—	—	—	—	—
—	—	—	—	—	—
—	34,495	10,499	30,209	10,362	20,965
—	10,732	12,585	9,348	12,547	18,853
—	13,612	15,313	15,982	10,320	12,124
3,955	**105,594**	**75,207**	**88,595**	**57,358**	**102,836**
—	—	—	—	8,318	—
—	—	2,380	—	—	1,882
—	30,397	27,214	81,899	17,549	47,320
157,059	181,719	317,254	386,112	205,962	295,360
157,059	**212,116**	**346,848**	**468,011**	**231,829**	**344,562**
161,014	**317,710**	**422,055**	**556,606**	**289,187**	**447,398**
—	468,417	475,851	310,383	288,510	299,113
—	—	—	—	—	—
—	—	—	—	—	—
—	66,496	—	—	49,544	—
—	613	—	—	1,131	5,750
—	101,003	239,114	112,839	—	27,577
—	—	—	—	23,748	3,923
—	44,854	38,685	—	15,535	—
—	2,650	1,642	—	987	—
—	141,317	12,355	—	386	—
—	5,040	2,506	—	—	—
—	12,101	37,338	—	—	90,585
—	—	—	28	—	—
—	5,515	3,252	8,476	4,085	—
—	11,155	—	75,215	—	—
—	19,644	9,126	29,912	—	—
—	9,081	84,371	728	27,506	25,201
(43,715)	234,722	240,420	108,178	174,973	357,249
$ (43,715)	**$ 1,122,608**	**$ 1,144,660**	**$ 645,759**	**$ 586,405**	**$ 809,398**

(continued)

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2011
(dollars in thousands)

(continued)

	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	100,282	39,494	40,774
Investments	—	15,599	36,074
Collateral on Lent Securities	—	—	—
Intergovernmental Receivable	23,146	—	2,444
Loans Receivable, Net	1,799	1,159	422
Receivable from Primary Government	3,141	669	320
Other Receivables	89,606	19,808	29,660
Inventories	6,468	169	2,074
Other Assets	4,294	1,302	1,095
TOTAL CURRENT ASSETS	**228,736**	**78,200**	**112,863**
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Investments	226,123	2,116	173,656
Investments	152,940	126,645	20,983
Loans Receivable, Net	17,498	24,332	1,966
Other Receivables	18,903	6,880	7,467
Other Assets	37,712	5,310	912
Capital Assets Being Depreciated, Net	561,678	470,112	165,814
Capital Assets Not Being Depreciated	61,440	82,111	32,742
TOTAL NONCURRENT ASSETS	**1,076,294**	**717,506**	**403,540**
TOTAL ASSETS	**1,305,030**	**795,706**	**516,403**
Deferred Outflows of Resources	2,453	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**1,307,483**	**795,706**	**516,403**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	31,616	8,413	5,730
Accrued Liabilities	51,469	8,894	8,796
Obligations Under Securities Lending	—	—	—
Intergovernmental Payable	360	3,894	—
Unearned Revenue	41,635	9,827	4,889
Refund and Other Liabilities	23,986	12,491	6,876
Bonds and Notes Payable	5,524	5,221	19,327
TOTAL CURRENT LIABILITIES	**154,590**	**48,740**	**45,618**
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	—
Unearned Revenue	—	1,352	—
Refund and Other Liabilities	32,055	90,684	12,938
Bonds and Notes Payable	281,069	246,985	76,452
TOTAL NONCURRENT LIABILITIES	**313,124**	**339,021**	**89,390**
TOTAL LIABILITIES	**467,714**	**387,761**	**135,008**
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt	333,094	249,745	140,501
Restricted for:			
Environmental Protection and Natural Resources	—	—	—
Community and Economic Development	—	—	—
Nonexpendable:			
Scholarships and Fellowships	11,744	—	—
Research	—	—	—
Endowments and Quasi-Endowments	73,458	41,826	5,759
Loans, Grants and Other College and University Purposes	1,925	—	44,703
Expendable:			
Scholarships and Fellowships	73,964	8,101	2,054
Research	5,923	269	246
Instructional Department Uses	—	4,897	1,633
Student and Public Services	—	4,915	1,067
Academic Support	50,608	4,213	692
Debt Service	16,841	—	168
Capital Purposes	12,142	1,024	13,483
Endowments and Quasi-Endowments	5,847	200	2,243
Current Operations	3,232	—	833
Loans, Grants and Other College and University Purposes	77,327	15,778	66
Unrestricted	173,664	76,977	167,947
TOTAL NET ASSETS (DEFICITS)	**$ 839,769**	**$ 407,945**	**$ 381,395**

WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
$ —	$ —	$ —	$ —	$ —	$ —
32,095	5,328	11,709	3,194	17,804	3,600
16,010	265	2,995	1,265	151,253	23,420
—	—	—	—	—	—
6,281	—	—	394	—	1,592
4,843	83	—	70	—	142
2,849	12	312	1,308	491	957
11,746	5,475	10,848	1,988	12,966	2,468
413	40	352	448	2,311	362
18,239	167	40	117	454	484
92,476	**11,370**	**26,256**	**8,784**	**185,279**	**33,025**
505	1,978	4,486	—	—	—
—	13,205	—	—	3,085	—
226,453	16,626	—	6,286	—	—
12,380	—	—	—	—	—
4,809	563	—	251	—	2,175
531	1,415	—	71	224	196
297,749	69,994	83,067	19,377	128,495	37,614
6,710	19,515	7,355	4,441	33,888	6,116
549,137	**123,296**	**94,908**	**30,426**	**165,692**	**46,101**
641,613	**134,666**	**121,164**	**39,210**	**350,971**	**79,126**
—	—	—	—	—	—
641,613	**134,666**	**121,164**	**39,210**	**350,971**	**79,126**
9,296	502	1,083	965	17,145	1,118
17,776	2,416	2,981	759	2,137	1,291
—	—	—	—	—	—
—	—	—	—	—	—
38,491	1,484	8,349	530	17,490	1,694
11,296	1,623	1,794	356	5,418	462
3,627	535	550	—	1,265	580
80,486	**6,560**	**14,757**	**2,610**	**43,455**	**5,145**
—	—	—	—	—	—
—	1,919	—	—	—	—
11,965	2,232	1,667	220	1,338	628
28,867	15,970	19,495	—	12,425	16,265
40,832	**20,121**	**21,162**	**220**	**13,763**	**16,893**
121,318	**26,681**	**35,919**	**2,830**	**57,218**	**22,038**
272,468	72,804	74,468	23,818	148,693	26,989
—	—	—	—	—	—
—	—	—	—	—	—
14,146	3,526	686	—	3,560	—
6,703	—	—	—	—	—
—	207	1,094	2,141	—	8,737
14,629	4,022	366	—	—	—
20,423	1,185	707	1,112	1,849	1,739
3,635	1,974	—	—	—	—
21,996	—	—	121	—	9
694	—	—	29	—	1,951
12,402	—	648	105	—	1
279	—	—	—	—	109
—	—	—	814	15,183	5,765
—	949	—	—	—	—
—	4,364	594	—	—	—
27,979	380	318	—	—	—
124,941	18,574	6,364	8,240	124,468	11,788
$ 520,295	**$ 107,985**	**$ 85,245**	**$ 36,380**	**$ 293,753**	**$ 57,088**

(continued)

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2011
(dollars in thousands)

(continued)

	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	1,497	9,084	4,533
Investments	1,819	—	—
Collateral on Lent Securities	—	—	—
Intergovernmental Receivable	—	—	—
Loans Receivable, Net	—	—	—
Receivable from Primary Government	—	2	—
Other Receivables	6,028	2,441	3,719
Inventories	16	307	138
Other Assets	153	98	22
TOTAL CURRENT ASSETS	**9,513**	**11,932**	**8,412**
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Investments	2,020	2,198	727
Investments	1,474	—	—
Loans Receivable, Net	—	—	—
Other Receivables	207	—	—
Other Assets	—	—	—
Capital Assets Being Depreciated, Net	17,174	19,202	14,095
Capital Assets Not Being Depreciated	688	819	980
TOTAL NONCURRENT ASSETS	**21,563**	**22,219**	**15,802**
TOTAL ASSETS	**31,076**	**34,151**	**24,214**
Deferred Outflows of Resources	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**31,076**	**34,151**	**24,214**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	504	410	182
Accrued Liabilities	559	570	792
Obligations Under Securities Lending	—	—	—
Intergovernmental Payable	—	—	—
Unearned Revenue	4,014	770	2,242
Refund and Other Liabilities	352	165	60
Bonds and Notes Payable	155	220	—
TOTAL CURRENT LIABILITIES	**5,584**	**2,135**	**3,276**
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	—
Unearned Revenue	—	—	76
Refund and Other Liabilities	471	1,065	350
Bonds and Notes Payable	3,350	4,450	—
TOTAL NONCURRENT LIABILITIES	**3,821**	**5,515**	**426**
TOTAL LIABILITIES	**9,405**	**7,650**	**3,702**
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt	14,393	15,231	15,075
Restricted for:			
Environmental Protection and Natural Resources	—	—	—
Community and Economic Development	—	—	—
Nonexpendable:			
Scholarships and Fellowships	—	—	235
Research	—	—	—
Endowments and Quasi-Endowments	94	1,929	—
Loans, Grants and Other College and University Purposes	—	—	—
Expendable:			
Scholarships and Fellowships	—	63	235
Research	—	—	—
Instructional Department Uses	—	—	—
Student and Public Services	2,696	2,298	—
Academic Support	—	—	—
Debt Service	—	—	—
Capital Purposes	—	—	1,176
Endowments and Quasi-Endowments	1,358	—	—
Current Operations	—	—	—
Loans, Grants and Other College and University Purposes	—	18	—
Unrestricted	3,130	6,962	3,791
TOTAL NET ASSETS (DEFICITS)	**$ 21,671**	**$ 26,501**	**$ 20,512**

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
$ —	$ —	$ —	$ 77,118
2,454	2,237	5,960	797,521
13,453	3,933	17,229	1,371,089
—	—	—	7,535
1,482	—	535	53,628
—	—	6	19,776
—	2	448	34,830
9,868	4,227	23,575	403,835
83	272	1,255	26,319
914	10	7,096	63,333
28,254	**10,681**	**56,104**	**2,854,984**
—	257	—	43,654
—	—	—	928,398
11,799	7,363	—	1,340,820
—	—	36	132,697
—	14	—	103,669
297	—	—	85,440
81,879	10,185	81,180	4,804,204
4,411	6,639	13,763	721,280
98,386	**24,458**	**94,979**	**8,160,162**
126,640	**35,139**	**151,083**	**11,015,146**
—	—	—	2,746
126,640	**35,139**	**151,083**	**11,017,892**
2,600	3,385	3,235	170,415
2,515	258	6,567	221,472
—	—	—	7,535
—	—	—	4,254
5,687	710	19,961	264,303
4,188	506	2,681	136,379
1,225	—	1,254	106,834
16,215	**4,859**	**33,698**	**911,192**
—	—	—	8,318
—	—	—	7,609
—	380	2,472	363,005
44,734	—	6,223	2,299,751
44,734	**380**	**8,695**	**2,678,683**
60,949	**5,239**	**42,393**	**3,589,875**
39,921	16,897	87,466	3,427,985
—	—	—	5,340
—	—	—	83,786
—	816	—	150,753
—	—	—	14,197
—	—	1,284	617,062
30	—	—	93,346
—	3,677	647	214,830
—	—	—	17,326
—	18	438	183,170
—	—	—	21,196
—	—	—	208,693
3,073	—	—	20,498
146	439	132	71,632
—	—	—	96,967
—	—	—	67,705
—	131	—	268,884
22,521	7,922	18,723	1,864,647
$ 65,691	**$ 29,900**	**$ 108,690**	**$ 7,428,017**

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/10)
EXPENSES:			
Primary, Secondary and Other Education	$ —	$ 16,490	$ —
Community and Economic Development	17,870	—	37,976
Education and General:			
Instruction and Departmental Research	—	—	—
Separately Budgeted Research	—	—	—
Public Service	—	—	—
Academic Support	—	—	—
Student Services	—	—	—
Institutional Support	—	—	—
Operation and Maintenance of Plant	—	—	—
Scholarships and Fellowships	—	—	—
Auxiliary Enterprises	—	—	—
Hospitals	—	—	—
Interest on Long-Term Debt	—	—	—
Depreciation	1,343	473	6
Other	—	—	—
TOTAL EXPENSES	**19,213**	**16,963**	**37,982**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	103	3,352	1,134
Operating Grants, Contributions and Restricted Investment Income	—	590	975
Capital Grants, Contributions and Restricted Investment Income	—	—	—
TOTAL PROGRAM REVENUES	**103**	**3,942**	**2,109**
NET PROGRAM (EXPENSE) REVENUE	**(19,110)**	**(13,021)**	**(35,873)**
GENERAL REVENUES:			
Unrestricted Investment Income	—	—	386
State Assistance	29,200	15,889	27,816
Other	—	—	6
TOTAL GENERAL REVENUES	**29,200**	**15,889**	**28,208**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	**—**	**—**	**—**
CHANGE IN NET ASSETS	**10,090**	**2,868**	**(7,665)**
NET ASSETS (DEFICITS), JULY 1	69,357	4,878	80,554
NET ASSETS (DEFICITS), JUNE 30	**$ 79,447**	**$ 7,746**	**$ 72,889**

OHIO CAPITAL FUND	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY
$ —	$ —	$ —	$ —	$ —	$ —
1,914	—	—	—	—	—
—	239,325	166,584	142,092	122,087	202,592
—	41,082	16,395	27,250	5,824	20,532
—	26,762	1,982	16,551	6,615	16,733
—	65,327	49,731	36,062	37,337	53,678
—	29,208	23,250	14,029	18,097	28,375
—	32,810	37,757	48,840	29,013	60,712
—	53,708	31,859	25,548	15,326	43,556
—	19,822	23,023	37,290	22,842	46,392
—	65,730	103,598	63,458	75,744	86,651
—	—	—	—	—	—
9,670	—	12,711	19,632	2,396	10,433
—	35,833	38,340	38,753	24,760	37,305
—	14,642	4,932	3,198	2,101	—
11,584	**624,249**	**510,162**	**472,703**	**362,142**	**606,959**
—	469,616	395,544	275,246	239,204	420,345
—	100,966	79,312	140,435	77,528	103,045
—	6,560	5,082	1,478	19,022	—
—	**577,142**	**479,938**	**417,159**	**335,754**	**523,390**
(11,584)	**(47,107)**	**(30,224)**	**(55,544)**	**(26,388)**	**(83,569)**
7,261	66,370	57,693	—	16,169	63,971
—	144,664	84,483	100,174	100,760	124,484
—	2	8,853	—	789	2,428
7,261	**211,036**	**151,029**	**100,174**	**117,718**	**190,883**
—	**4,243**	**—**	**5,097**	**—**	**—**
(4,323)	**168,172**	**120,805**	**49,727**	**91,330**	**107,314**
(39,392)	954,436	1,023,855	596,032	495,075	702,084
$ (43,715)	**$ 1,122,608**	**$ 1,144,660**	**$ 645,759**	**$ 586,405**	**$ 809,398**

(continued)

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)
(continued)

	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education	$ —	$ —	$ —
Community and Economic Development	—	—	—
Education and General:			
Instruction and Departmental Research	182,211	94,580	75,384
Separately Budgeted Research	58,075	12,296	3,449
Public Service	6,051	8,231	5,719
Academic Support	40,182	23,534	15,163
Student Services	20,179	20,953	9,485
Institutional Support	55,763	37,548	34,945
Operation and Maintenance of Plant	32,629	26,046	16,300
Scholarships and Fellowships	32,761	19,873	22,848
Auxiliary Enterprises	60,719	31,636	28,524
Hospitals	281,097	—	—
Interest on Long-Term Debt	12,178	9,460	1,823
Depreciation	47,662	26,516	9,945
Other	19,491	—	3,184
TOTAL EXPENSES	**848,998**	**310,673**	**226,769**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	549,383	179,128	114,924
Operating Grants, Contributions and Restricted Investment Income	168,975	71,191	15,881
Capital Grants, Contributions and Restricted Investment Income	2,010	—	45,771
TOTAL PROGRAM REVENUES	**720,368**	**250,319**	**176,576**
NET PROGRAM (EXPENSE) REVENUE	**(128,630)**	**(60,354)**	**(50,193)**
GENERAL REVENUES:			
Unrestricted Investment Income	25,980	13,179	33,057
State Assistance	133,100	71,552	41,189
Other	70,135	—	438
TOTAL GENERAL REVENUES	**229,215**	**84,731**	**74,684**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	**1**	**—**	**910**
CHANGE IN NET ASSETS	**100,586**	**24,377**	**25,401**
NET ASSETS (DEFICITS), JULY 1	739,183	383,568	355,994
NET ASSETS (DEFICITS), JUNE 30	**$ 839,769**	**$ 407,945**	**$ 381,395**

WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
127,293	21,267	12,272	7,851	81,968	9,931
31,154	—	1,629	—	—	—
13,324	2,886	1,942	1,587	7,815	3,809
76,622	3,058	6,553	796	7,129	1,107
17,766	4,011	3,480	1,848	13,508	2,813
32,787	9,559	6,990	4,532	29,990	5,326
23,551	5,231	6,723	1,614	18,489	2,968
23,856	7,779	5,504	382	43,144	2,780
25,944	5,964	9,867	2,252	14,822	3,608
—	—	—	—	—	—
1,453	789	1,079	—	598	536
20,083	3,099	3,899	827	6,296	1,802
260	74	294	2	1,693	2
394,093	**63,717**	**60,232**	**21,691**	**225,452**	**34,682**
167,099	25,450	31,048	6,158	152,230	11,653
157,837	19,460	12,715	10,920	15,771	13,926
7,567	—	—	—	187	923
332,503	**44,910**	**43,763**	**17,078**	**168,188**	**26,502**
(61,590)	**(18,807)**	**(16,469)**	**(4,613)**	**(57,264)**	**(8,180)**
18,058	4,396	—	495	1,295	1,759
97,250	18,379	21,676	8,875	61,206	12,204
82	1,366	—	42	—	—
115,390	**24,141**	**21,676**	**9,412**	**62,501**	**13,963**
—	**—**	**—**	**—**	**—**	**1,231**
53,800	**5,334**	**5,207**	**4,799**	**5,237**	**7,014**
466,495	102,651	80,038	31,581	288,516	50,074
$ 520,295	**$ 107,985**	**$ 85,245**	**$ 36,380**	**$ 293,753**	**$ 57,088**

(continued)

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)
(continued)

	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
EXPENSES:			
Primary, Secondary and Other Education	$ —	$ —	$ —
Community and Economic Development	—	—	—
Education and General:			
Instruction and Departmental Research	7,887	8,815	6,605
Separately Budgeted Research	—	—	—
Public Service	776	981	—
Academic Support	586	2,496	1,535
Student Services	2,069	2,073	1,949
Institutional Support	4,609	2,668	3,640
Operation and Maintenance of Plant	1,573	1,923	1,251
Scholarships and Fellowships	231	9,068	3,109
Auxiliary Enterprises	11	4,134	2,283
Hospitals	—	—	—
Interest on Long-Term Debt	180	224	—
Depreciation	1,023	866	861
Other	—	—	—
TOTAL EXPENSES	**18,945**	**33,248**	**21,233**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	5,105	14,487	9,402
Operating Grants, Contributions and Restricted Investment Income	7,696	12,704	6,318
Capital Grants, Contributions and Restricted Investment Income	—	—	—
TOTAL PROGRAM REVENUES	**12,801**	**27,191**	**15,720**
NET PROGRAM (EXPENSE) REVENUE	**(6,144)**	**(6,057)**	**(5,513)**
GENERAL REVENUES:			
Unrestricted Investment Income	—	267	73
State Assistance	6,651	7,144	6,244
Other	—	575	—
TOTAL GENERAL REVENUES	**6,651**	**7,986**	**6,317**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	**—**	**(72)**	**—**
CHANGE IN NET ASSETS	**507**	**1,857**	**804**
NET ASSETS (DEFICITS), JULY 1	21,164	24,644	19,708
NET ASSETS (DEFICITS), JUNE 30	**$ 21,671**	**$ 26,501**	**$ 20,512**

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
$ —	$ —	$ —	$ 16,490
—	—	—	57,760
37,292	14,305	53,135	1,613,476
—	—	360	218,046
2,004	315	3,136	127,219
5,757	805	4,978	432,436
8,914	1,779	10,754	234,540
20,000	4,857	19,847	482,193
8,025	1,676	9,712	327,708
2,222	5,714	15,552	344,192
4,898	3,397	12,198	605,438
—	—	—	281,097
2,262	—	215	85,639
3,290	1,093	4,603	308,678
—	—	49	49,922
94,664	**33,941**	**134,539**	**5,184,834**
47,693	14,582	43,983	3,176,869
21,399	10,516	50,701	1,098,861
39	—	—	88,639
69,131	**25,098**	**94,684**	**4,364,369**
(25,533)	**(8,843)**	**(39,855)**	**(820,465)**
347	596	999	312,351
28,314	10,183	37,846	1,189,283
—	—	—	84,716
28,661	**10,779**	**38,845**	**1,586,350**
—	**—**	**—**	**11,410**
3,128	**1,936**	**(1,010)**	**777,295**
62,563	27,964	109,700	6,650,722
$ 65,691	**$ 29,900**	**$ 108,690**	**$ 7,428,017**

STATE OF OHIO
BALANCE SHEET
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2011
(dollars in thousands)

	School Facilities Commission
ASSETS:	
Cash Equity with Treasurer	$ 402,198
Collateral on Lent Securities	25,583
Loans Receivable, Net	4,065
Other Receivables	20
Other Assets	37
TOTAL ASSETS	**$ 431,903**
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	$ 10,173
Accrued Liabilities	339
Obligations Under Securities Lending	25,583
Intergovernmental Payable	750,387
Payable to Primary Government	3,826,687
Refund and Other Liabilities	568
TOTAL LIABILITIES	4,613,737
FUND BALANCES (DEFICITS):	
Nonspendable:	
Prepaids	37
Unassigned	(4,181,871)
TOTAL FUND BALANCES (DEFICITS)	(4,181,834)
TOTAL LIABILITIES AND FUND BALANCES	**$ 431,903**

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2011
(dollars in thousands)

	SCHOOL FACILITIES COMMISSION
Total Fund Balances (Deficits)	**$ (4,181,834)**
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
Machinery and Equipment, net of $254 accumulated depreciation	77
Construction-in-Progress	11,781
	11,858
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Refund and Other Liabilities-Compensated Absences	(913)
Total Net Assets (Deficits)	**$ (4,170,889)**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	School Facilities Commission
REVENUES:	
State Assistance	$ 60,671
Licenses, Permits and Fees	1
Investment Income	5,829
Other	2,970
TOTAL REVENUES	**69,471**
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education	380,427
TOTAL EXPENDITURES	**380,427**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(310,956)**
NET CHANGES IN FUND BALANCES	**(310,956)**
FUND BALANCES (DEFICITS), JULY 1	(3,870,878)
FUND BALANCES (DEFICITS), JUNE 30	**$ (4,181,834)**

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES SCHOOL FACILITIES COMMISSION DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	SCHOOL FACILITIES COMMISSION
Net Change in Fund Balances	**$ (310,956)**
The change in net assets reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay Expenditures	6,921
Depreciation Expense	(48)
Excess of Capital Outlay Over Depreciation Expense	6,873
Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	(90)
Change in Net Assets	**$ (304,173)**

STATE OF OHIO
BALANCE SHEET
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2011
(dollars in thousands)

	Cultural Facilities Commission
ASSETS:	
Cash Equity with Treasurer	$ 30,179
Collateral on Lent Securities	6,448
Other Receivables	5
Other Assets	6
TOTAL ASSETS	**$ 36,638**
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	$ 1,620
Accrued Liabilities	76
Obligations Under Securities Lending	6,448
TOTAL LIABILITIES	8,144
FUND BALANCES:	
Nonspendable:	
Prepaids	6
Restricted for:	
Community and Economic Development	28,197
Committed to:	
Community and Economic Development	291
TOTAL FUND BALANCES	28,494
TOTAL LIABILITIES AND FUND BALANCES	**$ 36,638**

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2011
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION
Total Fund Balances	**$ 28,494**
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
Land	11,858
Buildings, net of $21,098 accumulated depreciation	39,192
	51,050
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Refund and Other Liabilities-Compensated Absences	(97)
Total Net Assets	**$ 79,447**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	Cultural Facilities Commission
REVENUES:	
State Assistance	$ 29,200
Sales, Services and Charges	43
Investment Income	55
Other	5
TOTAL REVENUES	**29,303**
EXPENDITURES:	
CURRENT OPERATING:	
Community and Economic Development	17,895
TOTAL EXPENDITURES	**17,895**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**11,408**
NET CHANGES IN FUND BALANCES	**11,408**
FUND BALANCES, JULY 1	17,086
FUND BALANCES, JUNE 30	**$ 28,494**

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES CULTURAL FACILITIES COMMISSION DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	CULTURAL FACILITIES COMMISSION
Net Change in Fund Balances	**$ 11,408**
The change in net assets reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(1,343)
Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	25
Change in Net Assets	**$ 10,090**

STATE OF OHIO
BALANCE SHEET
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2011
(dollars in thousands)

	eTECH OHIO COMMISSION
ASSETS:	
Cash Equity with Treasurer	$ 5,088
Collateral on Lent Securities	1,087
Other Receivables	6
Other Assets	6
TOTAL ASSETS	**$ 6,187**
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	$ 246
Accrued Liabilities	64
Obligations Under Securities Lending	1,087
TOTAL LIABILITIES	1,397
FUND BALANCES:	
Nonspendable:	
Prepaids	6
Restricted for:	
Primary, Secondary and Other Education	499
Committed to:	
Primary, Secondary and Other Education	104
Assigned to:	
Primary, Secondary and Other Education	4,180
Unassigned	1
TOTAL FUND BALANCES	4,790
TOTAL LIABILITIES AND FUND BALANCES	**$ 6,187**

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
eTECH OHIO COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2011
(dollars in thousands)

	eTECH OHIO COMMISSION
Total Fund Balances	**$ 4,790**
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
Machinery and Equipment, net of $6,132 accumulated depreciation	3,081
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Refund and Other Liabilities-Compensated Absences	(125)
Total Net Assets	**$ 7,746**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(dollars in thousands)

	eTECH OHIO COMMISSION
REVENUES:	
State Assistance	$ 15,889
Federal Government	590
Other	3,352
TOTAL REVENUES	**19,831**
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education	19,090
TOTAL EXPENDITURES	**19,090**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**741**
NET CHANGES IN FUND BALANCES	**741**
FUND BALANCES, JULY 1	4,049
FUND BALANCES, JUNE 30	**$ 4,790**

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
eTECH OHIO COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(dollars in thousands)

	eTECH OHIO COMMISSION
Net Change in Fund Balance	**$ 741**
The change in net assets reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital Outlay Expenditures	2,614
Depreciation Expense	(473)
Excess of Capital Outlay Over Depreciation Expense	2,141
Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	(14)
Change in Net Assets	**$ 2,868**

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STATISTICAL SECTION

STATISTICAL SECTION

This section of the State of Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

	Pages
Financial Trends	258-271
These schedules contain trend information to assist the reader in understanding how the State's financial performance and condition have changed over time.	
Revenue Capacity	272-283
These schedules contain information to assist the reader in assessing the State's two most significant own-source revenues: income taxes and sales taxes.	
Debt Capacity	284-292
These schedules present information to assist the reader in assessing the affordability of the State's current levels of outstanding debt and its ability to issue additional debt in the future.	
Economic and Demographic Information	294-297
These schedules offer economic and demographic indicators to assist the reader in understanding the environment within which the State's financial activities take place.	
Operating Information	298-305
These schedules contain service and infrastructure data to assist the reader in understanding how the information in the State's financial report relates to the services the State provides and to the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. In fiscal year 2002, the State implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; consequently, schedules presenting government-wide information commence with that year.

STATE OF OHIO
NET ASSETS BY COMPONENT
FOR THE LAST NINE FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES:				
Invested in Capital Assets, Net of Related Debt	$ 23,157,156	$ 22,578,727	$ 22,325,346	$ 21,983,900
Restricted for:				
Primary, Secondary and Other Education	99,169	38,495	37,174	41,842
Higher Education Support	5,936	—	—	—
Public Assistance and Medicaid	492,122	—	—	—
Health and Human Services	107,431	—	—	—
Justice and Public Protection	86,822	—	—	—
Environmental Protection and Natural Resources	140,229	—	—	—
General Government	82,615	—	—	—
Transportation	2,439,080	1,601,532	1,031,932	844,666
State and Local Highway Construction	—	117,769	113,009	118,011
Federal Programs	—	85,232	61,929	76,396
Coal Research and Development Program	—	—	—	—
Clean Ohio Program	—	47,254	44,060	90,485
Community and Economic Development	403,151	1,001,840	1,045,542	1,420,180
Enterprise Bond Program	—	10,000	10,000	10,000
Total Restricted Net Assets	3,856,555	2,902,122	2,343,646	2,601,580
Unrestricted	(8,249,343)	(7,384,680)	(6,110,855)	(4,006,732)
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	$ 18,764,368	$ 18,096,169	$ 18,558,137	$ 20,578,748
BUSINESS-TYPE ACTIVITIES:				
Invested in Capital Assets, Net of Related Debt	$ 54,430	$ 51,578	$ 37,059	$ 32,068
Restricted for:				
Workers' Compensation	5,728,951	—	—	—
Deferred Lottery Prizes	77,142	86,616	57,059	44,126
Unemployment Compensation	—	—	—	452,082
Ohio Building Authority	27,021	—	23,072	25,558
Tuition Trust Authority	11,838	—	—	—
Total Restricted Net Assets	5,844,952	86,616	80,131	521,766
Unrestricted	(1,820,494)	1,966,583	1,789,789	2,582,265
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	$ 4,078,888	$ 2,104,777	$ 1,906,979	$ 3,136,099
PRIMARY GOVERNMENT:				
Invested in Capital Assets, Net of Related Debt	$ 23,211,586	$ 22,630,305	$ 22,362,405	$ 22,015,968
Restricted	9,701,507	2,988,738	2,423,777	3,123,346
Unrestricted	(10,069,837)	(5,418,097)	(4,321,066)	(1,424,467)
TOTAL PRIMARY GOVERNMENT NET ASSETS	$ 22,843,256	$ 20,200,946	$ 20,465,116	$ 23,714,847

Source:
Ohio Office of Budget and Management

Note:

Beginning in fiscal year 2011, restricted net assets categories have been revised to correspond with the categories presented for restricted fund balance.

When practical, net assets reported on the above table have been restated for prior period adjustments, corrections, and reclassifications. However, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expense activity reported for the applicable fiscal years on the "Changes in Net Assets" table may not have been determined for presentation on that table.

2007	2006	2005	2004	2003
$ 21,477,381	$ 20,889,063	$ 20,285,186	$ 19,941,259	$ 19,261,553
34,019	9,607	8,200	15,862	5,128
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
1,032,112	921,993	744,913	698,428	638,615
126,323	127,121	129,299	126,517	124,022
81,639	75,776	38,656	32,858	75,967
—	—	—	—	8,488
85,209	93,682	41,673	80,530	79,457
991,094	883,385	935,842	924,533	929,213
10,000	10,000	10,000	10,000	10,000
2,360,396	2,121,564	1,908,583	1,888,728	1,870,890
(4,315,273)	(4,067,042)	(3,988,883)	(4,331,377)	(4,277,649)
$ 19,522,504	$ 18,943,585	$ 18,204,886	$ 17,498,610	$ 16,854,794
$ 19,322	$ 10,363	$ (1,839)	$ 5,873	$ 19,827
—	—	—	866,307	545,756
13,272	56,669	102,614	83,603	169,822
608,364	675,666	663,921	809,037	1,286,679
28,390	28,041	26,996	28,457	24,600
32,100	—	—	—	—
682,126	760,376	793,531	1,787,404	2,026,857
2,425,083	(247,241)	(1,141,542)	(223,611)	(264,186)
$ 3,126,531	$ 523,498	$ (349,850)	$ 1,569,666	$ 1,782,498
$ 21,496,703	$ 20,899,426	$ 20,283,347	$ 19,947,132	$ 19,281,380
3,042,522	2,881,940	2,702,114	3,676,132	3,897,747
(1,890,190)	(4,314,283)	(5,130,425)	(4,554,988)	(4,541,835)
$ 22,649,035	$ 19,467,083	$ 17,855,036	$ 19,068,276	$ 18,637,292

STATE OF OHIO
CHANGES IN NET ASSETS
FOR THE LAST NINE FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2011	2010	2009	2008
EXPENSES:				
GOVERNMENTAL ACTIVITIES:				
Primary, Secondary and Other Education	$ 12,126,435	$ 12,259,233	$ 11,888,145	$ 11,304,014
Higher Education Support	2,726,016	2,771,611	2,967,485	2,729,423
Public Assistance and Medicaid	20,111,691	18,828,082	17,903,102	16,003,345
Health and Human Services	4,295,483	4,003,033	4,061,765	3,651,313
Justice and Public Protection	3,184,345	3,077,704	3,251,316	3,128,087
Environmental Protection and Natural Resources	350,870	416,071	413,398	393,704
Transportation	2,186,332	2,187,406	2,171,475	2,078,732
General Government	792,728	620,090	642,467	746,485
Community and Economic Development	4,479,010	4,491,643	4,265,827	4,017,838
Intergovernmental	—	—	—	—
Interest on Long-Term Debt (excludes interest charged as program expense)	134,888	133,335	165,908	173,934
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	**50,387,798**	**48,788,208**	**47,730,888**	**44,226,875**
BUSINESS-TYPE ACTIVITIES:				
Workers' Compensation	2,354,296	2,861,222	2,158,753	2,675,254
Lottery Commission	1,911,105	1,816,213	1,774,308	1,704,848
Unemployment Compensation	4,094,207	5,605,830	3,485,942	1,333,180
Ohio Building Authority	22,076	22,492	26,837	28,117
Tuition Trust Authority	79,671	81,119	94,888	121,673
Liquor Control	507,800	489,087	479,919	460,398
Underground Parking Garage	3,171	3,755	2,804	2,665
Office of Auditor of State	69,185	70,637	85,575	73,225
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	**9,041,511**	**10,950,355**	**8,109,026**	**6,399,360**
TOTAL PRIMARY GOVERNMENT EXPENSES	**$ 59,429,309**	**$ 59,738,563**	**$ 55,839,914**	**$ 50,626,235**
PROGRAM REVENUES:				
GOVERNMENTAL ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Public Assistance and Medicaid	$ 1,045,698	$ 1,302,439	$ 966,010	$ 1,021,341
Justice and Public Protection	1,163,286	996,420	938,297	879,534
General Government	341,275	683,603	591,405	694,492
Community and Economic Development	504,275	479,727	388,895	362,388
Other Activities	722,459	652,449	763,620	582,208
Operating Grants, Contributions and Restricted Investment Income/(Loss)	22,041,872	20,839,250	18,225,832	15,123,481
Capital Grants, Contributions and Restricted Investment Income/(Loss)	1,465,484	1,241,422	1,198,200	1,070,309
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	**27,284,349**	**26,195,310**	**23,072,259**	**19,733,753**
BUSINESS-TYPE ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Workers' Compensation	1,950,169	2,133,439	2,378,127	2,160,649
Lottery Commission	2,608,235	2,498,785	2,425,832	2,332,866
Unemployment Compensation	1,587,385	1,304,308	1,172,554	1,174,979
Liquor Control	733,573	706,736	689,283	663,830
Other Activities	77,833	79,380	84,418	86,327
Operating Grants, Contributions and Restricted Investment Income/(Loss)	5,002,794	5,403,784	1,028,756	877,482
Capital Grants, Contributions and Restricted Investment Income/(Loss)	—	—	—	—
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	**11,959,989**	**12,126,432**	**7,778,970**	**7,296,133**
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	**$ 39,244,338**	**$ 38,321,742**	**$ 30,851,229**	**$ 27,029,886**

2007	2006	2005	2004	2003
$ 11,467,076	$ 11,157,283	$ 10,500,807	$ 10,234,524	$ 8,498,696
2,546,530	2,608,007	2,475,281	2,494,828	2,515,379
15,782,074	14,909,149	14,247,598	13,557,787	12,683,617
3,538,858	3,526,763	3,333,997	2,950,880	2,930,071
3,102,172	3,111,577	2,972,666	2,809,295	2,435,774
435,235	406,632	397,852	397,884	403,445
1,998,166	1,925,841	2,080,958	1,433,439	1,532,040
884,590	952,248	670,146	607,376	486,013
3,789,404	3,618,550	3,432,302	3,493,357	827,530
—	—	—	—	3,587,357
169,776	175,732	175,700	189,583	195,559
43,713,881	**42,391,782**	**40,287,307**	**38,168,953**	**36,095,481**
2,760,313	2,011,480	3,232,669	3,072,477	4,088,796
1,696,881	1,625,309	1,581,100	1,575,279	1,523,764
1,175,682	1,161,776	1,194,040	1,639,014	1,838,949
28,188	25,797	27,327	27,524	30,824
91,416	67,162	30,214	118,834	388,469
444,119	423,373	401,187	374,507	354,547
2,519	2,993	2,692	2,199	2,515
74,487	71,729	73,501	75,758	84,087
6,273,605	**5,389,619**	**6,542,730**	**6,885,592**	**8,311,951**
$ 49,987,486	**$ 47,781,401**	**$ 46,830,037**	**$ 45,054,545**	**$ 44,407,432**
$ 832,275	$ 639,821	$ 612,629	$ 556,006	$ 526,679
929,689	912,421	850,032	832,787	694,517
455,656	474,975	405,805	413,028	330,249
338,337	288,490	313,724	295,078	260,705
545,050	494,550	372,243	432,251	364,752
14,964,098	14,336,540	13,774,602	12,979,579	11,772,552
1,286,426	1,288,100	1,088,146	890,444	930,497
19,351,531	**18,434,897**	**17,417,181**	**16,399,173**	**14,879,951**
4,288,636	2,118,571	2,213,121	2,138,634	2,184,192
2,267,134	2,227,386	2,164,857	2,166,512	2,083,108
1,112,423	1,163,397	1,044,500	61,033	50,634
639,664	606,905	556,213	520,161	493,195
81,693	81,555	77,414	110,820	178,340
1,339,887	883,003	1,183,511	2,455,783	1,895,246
—	—	—	332	956
9,729,437	**7,080,817**	**7,239,616**	**7,453,275**	**6,885,671**
$ 29,080,968	**$ 25,515,714**	**$ 24,656,797**	**$ 23,852,448**	**$ 21,765,622**

(continued)

STATE OF OHIO
CHANGES IN NET ASSETS
FOR THE LAST NINE FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)
(continued)

	2011	2010	2009	2008
NET (EXPENSE) REVENUE:				
Governmental Activities	$ (23,103,449)	$ (22,592,898)	$ (24,658,629)	$ (24,493,122)
Business-Type Activities	2,918,478	1,176,077	(330,056)	896,773
TOTAL PRIMARY GOVERNMENT NET (EXPENSE)	**$ (20,184,971)**	**$ (21,416,821)**	**$ (24,988,685)**	**$ (23,596,349)**
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
GOVERNMENTAL ACTIVITIES:				
TAXES:				
Income	$ 8,815,468	$ 7,760,084	$ 8,228,349	$ 9,887,502
Sales	7,793,045	7,295,428	7,276,288	7,863,969
Corporate and Public Utility	2,462,681	2,351,084	2,443,059	1,610,629
Cigarette	855,610	886,875	924,764	950,646
Other	699,907	647,999	648,284	1,732,034
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes	1,759,421	1,766,204	1,743,151	1,820,336
TOTAL TAXES	**22,386,132**	**20,707,674**	**21,263,895**	**23,865,116**
Tobacco Settlement	334,665	336,259	366,197	362,897
Escheat Property	101,289	160,755	117,172	185,016
Unrestricted Investment Income	2,688	(52,677)	(8,765)	250,293
Federal	—	—	—	2
Other	1,323	592	134	200
Transfers-Internal Activities	945,551	978,327	899,385	885,842
TOTAL GOVERNMENTAL ACTIVITIES	**23,771,648**	**22,130,930**	**22,638,018**	**25,549,366**
BUSINESS-TYPE ACTIVITIES:				
Unrestricted Investment Income	1,184	—	—	—
Federal	—	—	—	—
Other	—	48	321	19
Transfers-Internal Activities	(945,551)	(978,327)	(899,385)	(885,842)
TOTAL BUSINESS-TYPE ACTIVITIES	**(944,367)**	**(978,279)**	**(899,064)**	**(885,823)**
TOTAL PRIMARY GOVERNMENT	**$ 22,827,281**	**$ 21,152,651**	**$ 21,738,954**	**$ 24,663,543**
CHANGE IN NET ASSETS:				
Governmental Activities	$ 668,199	$ (461,968)	$ (2,020,611)	$ 1,056,244
Business-Type Activities	1,974,111	197,798	(1,229,120)	10,950
TOTAL PRIMARY GOVERNMENT	**$ 2,642,310**	**$ (264,170)**	**$ (3,249,731)**	**$ 1,067,194**

Source:

Ohio Office of Budget and Management

Notes:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

For comparative purposes, data for fiscal year 2003 has not been restated for the effects of reclassifying the "Intergovernmental" expense function to other functions.

2007	2006	2005	2004	2003
$ (24,362,350)	$ (23,956,885)	$ (22,870,126)	$ (21,769,780)	$ (21,215,530)
3,455,832	1,691,198	696,886	567,683	(1,426,280)
$ (20,906,518)	**$ (22,265,687)**	**$ (22,173,240)**	**$ (21,202,097)**	**$ (22,641,810)**
$ 9,630,983	$ 9,854,803	$ 9,450,119	$ 8,526,572	$ 8,231,233
7,755,604	7,623,513	8,135,552	7,915,493	6,470,645
2,615,648	2,359,338	1,838,882	1,755,736	1,682,945
986,546	1,084,143	577,699	557,543	599,943
672,598	645,856	651,646	641,273	649,027
1,835,478	1,850,939	1,753,390	1,631,631	1,462,608
23,496,857	**23,418,592**	**22,407,288**	**21,028,248**	**19,096,401**
361,552	336,044	321,335	316,799	345,075
31,009	93,782	91,867	74,268	43,173
206,414	128,772	46,797	18,159	5,285
—	—	—	193,033	193,033
383	295	287	1,940	1,802
853,171	818,636	807,653	781,149	755,855
24,949,386	**24,796,121**	**23,675,227**	**22,413,596**	**20,440,624**
—	—	2,040	622	29,726
—	—	—	12	44
372	932	5,837	—	4,833
(853,171)	(818,636)	(807,653)	(781,149)	(755,855)
(852,799)	**(817,704)**	**(799,776)**	**(780,515)**	**(721,252)**
$ 24,096,587	**$ 23,978,417**	**$ 22,875,451**	**$ 21,633,081**	**$ 19,719,372**
$ 587,036	$ 839,236	$ 805,101	$ 643,816	$ (774,906)
2,603,033	873,494	(102,890)	(212,832)	(2,147,532)
$ 3,190,069	**$ 1,712,730**	**$ 702,211**	**$ 430,984**	**$ (2,922,438)**

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)

	2011	2010	2009	2008	2007
REVENUES:					
Income Taxes	$ 8,785,047	$ 7,818,405	$ 8,404,218	$ 9,766,337	$ 9,700,901
Sales Taxes	7,791,128	7,299,285	7,265,514	7,863,969	7,755,605
Corporate and Public Utility Taxes	2,463,512	2,348,948	2,449,060	2,679,751	2,615,649
Motor Vehicle Fuel Taxes	1,759,421	1,766,204	1,743,151	1,820,336	1,835,477
Cigarette Taxes	855,610	886,875	924,764	950,646	986,546
Other Taxes	699,907	647,999	648,284	662,913	672,598
Licenses, Permits and Fees	2,796,122	2,887,560	2,419,459	2,289,420	2,261,667
Sales, Services and Charges	96,717	92,600	88,089	83,167	78,807
Federal Government	23,301,445	21,969,544	18,905,780	15,740,008	15,663,148
Tobacco Settlement	289,293	306,144	366,895	334,270	308,488
Escheat Property	124,026	113,131	102,347	137,125	83,991
Investment Income	44,207	18,925	284,400	605,935	619,645
Other	970,999	1,145,925	1,132,565	1,198,425	762,191
TOTAL REVENUES	49,977,434	47,301,545	44,734,526	44,132,302	43,344,713
EXPENDITURES:					
Current Operating:					
Primary, Secondary and Other Education	11,711,365	11,849,154	11,474,274	10,962,026	11,300,752
Higher Education Support	2,589,416	2,635,983	2,815,624	2,587,466	2,437,150
Public Assistance and Medicaid	20,207,348	18,872,273	17,882,194	16,003,057	15,774,452
Health and Human Services	4,166,075	3,899,232	3,974,954	3,592,273	3,465,552
Justice and Public Protection	3,004,953	3,022,427	3,177,545	3,126,680	3,049,826
Environmental Protection and Natural Resources	375,810	369,124	396,812	409,643	419,324
Transportation	2,369,967	1,995,280	2,077,597	2,080,166	2,186,036
General Government	527,377	533,326	579,457	648,774	754,441
Community and Economic Development	4,331,441	4,337,066	4,139,904	3,906,709	3,664,551
Intergovernmental	—	—	—	—	—
Capital Outlay	503,314	542,529	565,799	547,825	453,761
Debt service:					
Principal	693,006	703,380	1,108,850	1,154,719	1,061,912
Interest	775,491	735,721	794,302	719,856	545,172
TOTAL EXPENDITURES	51,255,563	49,495,495	48,987,312	45,739,194	45,112,929
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,278,129)	(2,193,950)	(4,252,786)	(1,606,892)	(1,768,216)

2006	2005	2004	2003	2002
$ 9,726,268	$ 9,398,979	$ 8,479,900	$ 8,210,130	$ 7,982,461
7,623,513	8,135,552	7,915,493	6,470,643	6,385,248
2,359,337	1,838,883	1,755,736	1,682,943	1,640,433
1,850,940	1,753,389	1,631,632	1,462,608	1,451,767
1,084,143	577,698	557,543	599,943	281,292
645,857	651,647	641,274	649,027	614,122
2,137,549	1,851,739	1,804,291	1,564,429	1,521,736
77,071	83,846	85,547	87,628	94,597
15,421,095	14,640,717	13,893,741	12,791,973	11,734,436
294,725	321,050	316,322	369,619	368,588
145,695	118,719	103,767	84,642	52,628
440,623	228,186	110,876	121,592	282,457
627,312	640,076	577,637	526,164	635,812
42,434,128	40,240,481	37,873,759	34,621,341	33,045,577
11,026,085	10,377,748	10,127,804	8,451,164	8,142,972
2,499,074	2,369,279	2,386,570	2,408,059	2,449,614
14,907,511	14,240,939	13,617,263	12,731,148	11,854,582
3,461,571	3,276,589	3,098,669	2,894,321	2,792,890
3,055,124	2,903,061	2,522,823	2,348,232	2,378,120
395,016	379,273	365,511	369,119	355,576
2,185,928	2,077,669	1,807,912	1,942,040	1,897,807
792,645	585,161	493,237	501,966	733,591
3,549,065	3,362,574	3,380,557	718,088	748,185
—	—	—	3,573,227	3,563,306
485,904	466,913	458,118	498,066	465,843
962,443	1,162,970	877,116	815,034	783,411
496,822	253,260	458,330	435,970	410,193
43,817,188	41,455,436	39,593,910	37,686,434	36,576,090
(1,383,060)	(1,214,955)	(1,720,151)	(3,065,093)	(3,530,513)

(continued)

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)
(continued)

	2011	2010	2009	2008	2007
OTHER FINANCING SOURCES (USES):					
Bonds and Certificates of Participation Issued	$ 1,332,425	$ 1,008,029	$ 1,000,770	$ 6,214,699	$ 1,482,830
Refunding Bonds Issued	544,775	1,154,210	506,480	—	259,205
Payment to Refunded Bond Escrow Agents	(621,223)	(1,319,366)	(555,025)	—	(279,651)
Premiums	123,831	162,697	74,345	24,139	87,878
Discounts	-	-	(2,732)	(66,884)	—
Capital Leases	915	708	600	1,533	18,942
Transfers-in	3,030,096	3,497,705	3,470,851	3,663,030	3,548,419
Transfers-out	(2,084,545)	(2,519,378)	(2,571,466)	(2,777,188)	(2,695,248)
TOTAL OTHER FINANCING SOURCES (USES)	2,326,274	1,984,605	1,923,823	7,059,329	2,422,375
NET CHANGE IN FUND BALANCES	$ 1,048,145	$ (209,345)	$ (2,328,963)	$ 5,452,437	$ 654,159
Debt Service as a Percentage of Noncapital Expenditures	2.9%	2.9%	3.9%	4.1%	3.6%
Additional Information:					
Increase (Decrease) for Changes in Inventories	$ 126	$ (1,699)	$ 19,833	$ 24,571	$ (3,216)

Source:

Ohio Office of Budget and Management

Notes:

Revenues, expenditures, and other financing sources (uses) have been restated for prior period adjustments, corrections, and reclassifications, when practical. Significant items of note are as follows:

For comparative purposes, data for fiscal years 2001 through 2003 have not been restated for the effects of reclassifying the "Intergovernmental" expenditure function to other functions.

2006	2005	2004	2003	2002
$ 1,524,269	$ 1,347,285	$ 1,574,566	$ 1,405,000	$ 1,200,000
156,240	706,835	247,297	1,025,040	341,451
(172,770)	(768,952)	(260,146)	(1,091,881)	(339,042)
71,475	142,926	111,270	188,952	37,124
—	(94)	(7,923)	(33,649)	(2)
4,959	335	400	3,391	1,480
3,319,821	3,323,250	3,246,329	3,250,997	3,203,580
(2,501,185)	(2,515,597)	(2,465,180)	(2,495,142)	(2,459,759)
2,402,809	2,235,988	2,446,613	2,252,708	1,984,832
$ 1,019,749	$ 1,021,033	$ 726,462	$ (812,385)	$ (1,545,681)
3.4%	3.5%	3.4%	3.4%	3.3%
$ 12,636	$ (1,102)	$ 1,710	$ (8,143)	$ 105

STATE OF OHIO

FUND BALANCES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)

	2011
GENERAL FUND:	
Nonspendable	$ 65,080
Restricted	1,078,652
Committed	671,210
Assigned	1,616,695
Unassigned	(1,208,029)
TOTAL GENERAL FUND	**2,223,608**
ALL OTHER GOVERNMENTAL FUNDS:	
Nonspendable, reported in:	
Special Revenue Funds	99,806
Restricted, reported in:	
Special Revenue Funds	2,091,135
Debt Service Funds	5,295,937
Capital Projects Funds	490,806
Committed, reported in:	
Special Revenue Funds	521,915
Unassigned, reported in:	
Special Revenue Funds	(25)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	**8,499,574**
TOTAL GOVERNMENTAL FUNDS	**$ 10,723,182**

	2010	2009	2008	2007	2006
GENERAL FUND:					
Reserved	$ 634,254	$ 560,762	$ 744,371	$ 687,131	$ 617,733
Unreserved	(141,212)	213,054	1,857,001	1,568,395	1,291,950
TOTAL GENERAL FUND	**493,042**	**773,816**	**2,601,372**	**2,255,526**	**1,909,683**
ALL OTHER GOVERNMENTAL FUNDS:					
Reserved	12,975,477	11,549,682	11,237,699	5,391,969	6,371,192
Unreserved, reported in:					
Special Revenue Funds	(3,599,509)	(2,289,388)	(1,387,802)	(688,422)	(2,048,150)
Debt Service Funds	—	—	140	(20)	—
Capital Projects Funds	(194,099)	(148,155)	(256,324)	(240,976)	(165,591)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	**9,181,869**	**9,112,139**	**9,593,713**	**4,462,551**	**4,157,451**
TOTAL GOVERNMENTAL FUNDS	**$ 9,674,911**	**$ 9,885,955**	**$ 12,195,085**	**$ 6,718,077**	**$ 6,067,134**

Source:
Ohio Office of Budget and Management

Note:

As a result of implementing GASB Statement 54: Fund Balance Reporting and Governmental Fund Type Definitions , fund balances have been classified in new categories beginning in fiscal year 2011.

When practical, fund balances reported on the above table have been restated for prior period adjustments, corrections, and reclassifications; however, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expenditure activity reported for the applicable fiscal years on the "Changes in Fund Balances for Governmental Funds" table and the "Condensed Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund" table may not have been determined for presentation on each of the two respective tables.

2005	2004	2003	2002
$ 627,395	$ 661,238	$ 557,638	$ 556,036
649,420	105,333	(452,491)	206,214
1,276,815	**766,571**	**105,147**	**762,250**
6,194,524	5,240,145	4,863,068	4,684,021
(2,369,192)	(1,614,473)	(1,229,230)	(586,200)
—	—	(49)	(21)
33,139	(178,063)	(252,928)	(331,359)
3,858,471	**3,447,609**	**3,380,861**	**3,766,441**
$ 5,135,286	**$ 4,214,180**	**$ 3,486,008**	**$ 4,528,691**

STATE OF OHIO

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE GENERAL FUND FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)

	2011	2010	2009	2008	2007
REVENUES:					
Income Taxes	$ 8,771,965	$ 7,172,356	$ 7,705,081	$ 8,955,642	$ 8,863,302
Sales Taxes	7,785,452	7,108,573	7,062,149	7,556,034	7,432,423
Corporate and Public Utility Taxes	2,462,363	549,596	814,415	1,198,202	1,583,791
Motor Vehicle Fuel Tax	1,070,014	-	-	-	-
Cigarette Taxes	855,610	886,875	924,764	950,644	986,546
Other Taxes	682,637	589,121	587,806	601,557	612,304
Licenses, Permits and Fees	657,629	237,690	435,849	328,260	288,648
Sales, Services and Charges	63,323	51,811	51,653	51,351	48,876
Federal Government	8,122,729	6,753,767	6,848,974	5,626,381	5,362,256
Tobacco Settlement	-	-	-	1,135	-
Escheat Property	124,026	113,131	102,347	137,125	83,991
Investment Income	20,997	(12,331)	170,371	395,408	416,563
Other	297,932	498,261	455,254	582,672	252,599
TOTAL REVENUES	**30,914,677**	**23,948,850**	**25,158,663**	**26,384,411**	**25,931,299**
EXPENDITURES:					
Current Operating	29,837,914	23,719,349	26,290,239	25,122,530	25,129,616
Intergovernmental	-	-	-	-	-
Capital Outlay	-	-	67	10	114
Debt Service	-	-	-	-	14,575
TOTAL EXPENDITURES	**29,837,914**	**23,719,349**	**26,290,306**	**25,122,540**	**25,144,305**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**1,076,763**	**229,501**	**(1,131,643)**	**1,261,871**	**786,994**
OTHER FINANCING SOURCES (USES):					
Bonds Issued	624,890	97,739	30,000	7,998	525,000
Premiums	1,200	3,560	500	-	-
Capital Leases	915	708	600	1,533	9,999
Transfers-in	477,418	373,807	446,576	496,538	346,399
Transfers-out	(1,574,293)	(990,195)	(1,173,439)	(1,424,672)	(1,322,012)
TOTAL OTHER FINANCING SOURCES (USES)	**(469,870)**	**(514,381)**	**(695,763)**	**(918,603)**	**(440,614)**
NET CHANGE IN FUND BALANCES	**606,893**	**(284,880)**	**(1,827,406)**	**343,268**	**346,380**
FUND BALANCES, JULY 1	1,612,899	773,816	2,601,372	2,255,526	1,909,683
Increase (Decrease) for Changes in Inventories	3,816	4,106	(150)	2,578	(537)
FUND BALANCES, JUNE 30	**$ 2,223,608**	**$ 493,042**	**$ 773,816**	**$ 2,601,372**	**$ 2,255,526**

Source:

Ohio Office of Budget and Management

Notes:

As a result of implementing GASB Statement 54: Fund Balance Reporting and Governmental Fund Type Definitions, the General Fund is reporting balances and activities previously reported within special revenue funds beginning in fiscal year 2011.

The July 1 fund balances, revenues, and expenditures have been restated for prior period adjustments, corrections, and reclassifications, when practical. Significant items of note are as follows:

- For comparative purposes, data for fiscal years 2001 through 2003 have not been restated for the effects of reclassifying the "Intergovernmental" expenditure function to other functions.

2006	2005	2004	2003	2002
$ 8,889,463	$ 8,563,376	$ 7,645,597	$ 7,374,239	$ 7,129,512
7,302,441	7,816,395	7,596,254	6,153,743	6,066,023
1,774,113	1,468,576	1,381,752	1,302,968	1,276,159
-	-	-	-	-
1,084,142	577,671	557,532	599,941	281,290
584,689	591,998	580,143	595,498	556,946
209,054	148,877	121,953	115,199	100,858
46,067	41,911	44,233	44,899	51,211
5,526,049	5,724,597	5,904,388	5,251,885	4,563,370
-	-	-	-	-
145,695	118,719	103,767	84,642	52,628
305,425	140,891	43,029	33,095	145,483
177,066	259,019	240,020	192,573	273,750
26,044,204	**25,452,030**	**24,218,668**	**21,748,682**	**20,497,230**
25,215,213	24,439,150	23,696,295	21,131,783	20,547,608
-	-	-	1,294,797	1,227,313
204	-	-	-	-
536	543	541	2,300	2,286
25,215,953	**24,439,693**	**23,696,836**	**22,428,880**	**21,777,207**
828,251	**1,012,337**	**521,832**	**(680,198)**	**(1,279,977)**
629,392	419,349	613,000	470,000	400,000
921	26	-	-	6,029
4,959	122	260	2,692	1,451
365,326	366,376	543,443	630,122	617,185
(1,201,618)	(1,216,051)	(1,019,566)	(991,261)	(977,731)
(201,020)	**(430,178)**	**137,137**	**111,553**	**46,934**
627,231	**582,159**	**658,969**	**(568,645)**	**(1,233,043)**
1,276,815	695,788	105,147	762,250	2,108,395
5,637	(1,132)	2,455	(818)	105
$ 1,909,683	**$ 1,276,815**	**$ 766,571**	**$ 192,787**	**$ 875,457**

STATE OF OHIO

TAX REVENUES OF GOVERNMENTAL FUNDS BY MAJOR SOURCE AND EFFECTIVE STATE INCOME TAX RATE FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in millions)

INCOME TAX	2011	2010	2009	2008	2007
Personal Income Tax Revenue	$8,785	$7,818	$8,404	$9,766	$9,701
Personal Income(A)	$417,376	$408,395	$407,874	$395,710	$381,260
Average Effective State Income Tax Rate	2.10%	1.91%	2.06%	2.48%	2.54%

SALES TAX	2011	2010	2009	2008	2007
State Sales Tax Revenue	$7,791	$7,299	$7,266	$7,864	$ 7,756

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management

Note:

(A)-Data presented is as of December 31 of the given fiscal year.

2006	2005	2004	2003	2002
$9,726	$9,399	$8,480	$8,210	$7,982
$365,319	$356,774	$342,533	$331,968	$325,719
2.66%	2.63%	2.48%	2.47%	2.46%

2006	2005	2004	2003	2002
$ 7,624	$ 8,136	$ 7,915	$ 6,471	$ 6,385

STATE OF OHIO

PERSONAL INCOME BY INDUSTRY, EFFECTIVE TAX RATE, EXEMPTIONS, AND INCOME TAX RATES FOR THE LAST TEN CALENDAR YEARS

STATE INCOME TAX BY INDUSTRY

(dollars in millions)	2010	2009	2008	2007	2006
Services	$ 118,820	$ 115,300	$ 112,598	$ 107,901	$ 102,092
Manufacturing	47,291	43,948	54,155	55,365	55,876
Government	49,452	49,779	47,866	45,811	44,563
Wholesale and Retail Trade	35,684	35,015	36,065	35,563	34,343
Finance, Insurance, and Real Estate	22,307	21,526	22,440	22,906	22,522
Construction	14,244	14,279	14,742	15,499	15,790
Transportation and Public Utilities	13,229	13,558	14,056	13,655	13,420
Other	116,349	114,990	105,952	99,010	92,654
Total Personal Income	$ 417,376	$ 408,395	$ 407,874	$ 395,710	$ 381,260
Average Effective State Income Tax Rate	2.10%	1.91%	2.06%	2.48%	2.54%

EXEMPTIONS BY CALENDAR YEAR

Exemptions	2010	2009	2008	2007	2006
Personal Exemption for Taxpayer and Spouse	$ 1,600	$ 1,550	$ 1,500	$ 1,450	$ 1,400
Dependent Exemption	1,600	1,550	1,500	1,450	1,400
Exemption Credit per Taxpayer, Spouse, and Dependent	20	20	20	20	20

INCREMENTAL TAX RATES BY CALENDAR YEAR

Ohio Income Tax Brackets	2010(A)	2009	2008	2007	2006
$0 - $5,000	-	0.618%	0.618%	0.649%	0.681%
$0- $5,050	0.618%	-	-	-	-
$5,001 - $10,000	-	1.236%	1.236%	1.299%	1.361%
$5,050- $10,100	1.236%	-	-	-	-
$10,001 - $15,000	-	2.473%	2.473%	2.598%	2.722%
$10,100- $15,150	2.473%	-	-	-	-
$15,001 - $20,000	-	3.091%	3.091%	3.247%	3.403%
$15,150- $20,200	3.091%	-	-	-	-
$20,001 - $40,000	-	3.708%	3.708%	3.895%	4.083%
$20,200- $40,350	3.708%	-	-	-	-
$40,001 - $80,000	-	4.327%	4.327%	4.546%	4.764%
$40,350- $80,700	4.327%	-	-	-	-
$80,001 - $100,000	-	4.945%	4.945%	5.194%	5.444%
$80,700- $100,900	4.945%	-	-	-	-
$100,001 - $200,000	-	5.741%	5.741%	6.031%	6.320%
$100,900- $201,800	5.741%	-	-	-	-
$200,001 & above	-	6.240%	6.240%	6.555%	6.870%
$201,800 & above	6.240%	-	-	-	-

Sources:
U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management
Ohio Department of Taxation

Note:

(A)-Beginning in 2010, O.R.C. 5747.02 (A) directed that the Tax Commission will adjust the income brackets for inflation.

2005	2004	2003	2002	2001
$ 97,988	$ 93,224	$ 82,694	$ 84,835	$ 82,306
55,000	54,686	55,520	52,775	52,703
43,648	42,545	38,966	37,656	35,906
34,049	33,379	32,395	31,910	31,735
22,251	22,179	20,850	19,534	18,912
15,459	14,730	14,110	13,891	13,865
12,055	11,164	10,725	10,438	10,332
84,869	84,867	87,273	80,929	79,960
$ 365,319	$ 356,774	$ 342,533	$ 331,968	$ 325,719
2.66%	2.63%	2.48%	2.47%	2.46%

2005	2004	2003	2002	2001
$ 1,350	$ 1,300	$ 1,250	$ 1,200	$ 1,150
1,350	1,300	1,250	1,200	1,150
20	20	20	20	20

2005	2004	2003	2002	2001
0.712%	0.743%	0.743%	0.743%	0.743%
-	-	-	-	-
1.424%	1.486%	1.486%	1.486%	1.486%
-	-	-	-	-
2.847%	2.972%	2.972%	2.972%	2.972%
-	-	-	-	-
3.559%	3.715%	3.715%	3.715%	3.715%
-	-	-	-	-
4.270%	4.457%	4.457%	4.457%	4.457%
-	-	-	-	-
4.983%	5.201%	5.201%	5.201%	5.201%
-	-	-	-	-
5.693%	5.943%	5.943%	5.943%	5.943%
-	-	-	-	-
6.610%	6.900%	6.900%	6.900%	6.900%
-	-	-	-	-
7.185%	7.500%	7.500%	7.500%	7.500%
-	-	-	-	-

STATE OF OHIO

STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2009 WITH COMPARATIVES FOR TAX YEAR 2000 (NINE YEARS AGO)

2009 TAX YEAR (most recent information available)

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns Number	Ohio Tax Returns Percentage of Total Returns
$200,001 & Above	$86,830,859	119,514	2.31%
$100,001-$200,000	55,663,205	425,093	8.22%
$80,001-$100,000	29,119,092	326,628	6.31%
$40,001-$80,000	76,387,366	1,341,938	25.92%
$20,001-$40,000	38,132,288	1,299,019	25.11%
$15,001-$20,000	7,134,249	408,561	7.90%
$10,001-$15,000	5,499,087	440,323	8.51%
$5,001-$10,000	3,274,139	434,946	8.41%
$5,000 & Under	983,586	378,253	7.31%
	$303,023,871	5,174,275	100.00%

2000 TAX YEAR

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns Number	Ohio Tax Returns Percentage of Total Returns
$200,001 & Above	$70,943,532	95,231	1.76%
$100,001-$200,000	34,931,567	265,489	4.90%
$80,001-$100,000	21,041,859	237,037	4.38%
$40,001-$80,000	77,621,413	1,379,202	25.46%
$20,001-$40,000	44,147,673	1,514,155	27.96%
$15,001-$20,000	8,227,582	470,232	8.68%
$10,001-$15,000	5,808,645	464,382	8.57%
$5,001-$10,000	3,647,207	489,357	9.04%
$5,000 & Under	1,375,858	501,005	9.25%
	$267,745,336	5,416,090	100.00%

Source:

Ohio Department of Taxation

Note:

(A) The effective tax rate is calculated by dividing Ohio income tax receipts by federal adjusted gross income.

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
$2,268,685	29.97%	2.61%
1,923,657	25.41%	3.46%
849,539	11.22%	2.92%
1,843,074	24.37%	2.41%
610,893	8.07%	1.60%
54,438	0.72%	0.76%
16,944	0.22%	0.31%
161	0.00%	0.00%
1,798	0.02%	0.18%
$7,569,189	100.00%	2.50%

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
$2,279,587	29.83%	3.21%
1,393,905	18.24%	3.99%
721,205	9.44%	3.43%
2,210,711	28.93%	2.85%
900,884	11.80%	2.04%
88,082	1.15%	1.07%
36,234	0.47%	0.62%
10,638	0.14%	0.29%
301	0.00%	0.02%
$7,641,547	100.00%	2.85%

STATE OF OHIO

SALES TAX REVENUE BY TYPE, TAX REVENUES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(cash basis of accounting)
(dollars in thousands)

	2011	2010	2009	2008	2007
Vendors' Sales	$ 6,752,244	$ 6,349,058	$ 6,430,446	$ 6,794,114	$ 6,677,060
Motor Vehicles and Watercraft	988,447	894,332	885,234	975,833	978,029
Alcoholic Beverages	36,218	35,051	33,676	31,435	29,132
Delinquencies and Assessments	63,582	62,046	52,204	64,293	46,366
Permissive Taxes:					
County Levies	14,249	13,644	13,763	14,250	13,921
Transit Authorities	3,635	3,383	3,436	3,088	2,940
Total Sales Tax Revenue	$ 7,858,375	$ 7,357,514	$ 7,418,759	$ 7,883,013	$ 7,747,448
Base State Sales Tax Rates	5.50%	5.50%	5.50%	5.50%	5.50%

Source:

Ohio Department of Taxation
Ohio Office of Budget and Management

2006	2005	2004	2003	2002
$ 6,621,450	$ 6,957,051	$ 6,601,482	$ 5,630,678	$ 5,322,500
994,121	1,122,538	1,183,196	1,024,026	965,261
27,118	26,878	24,918	20,341	19,562
30,354	24,867	25,099	26,389	36,215
13,044	12,157	11,984	11,360	10,910
2,929	2,907	2,835	2,764	2,662
$ 7,689,016	$ 8,146,398	$ 7,849,514	$ 6,715,558	$ 6,357,110
5.50%	6.00%	6.00%	5.00%	5.00%

STATE OF OHIO

WORKERS' COMPENSATION ENTERPRISE FUND
ACTIVE EMPLOYERS, PREMIUM AND ASSESSMENT INCOME
AND ACTUAL AVERAGE COLLECTED PREMIUM RATE
FOR THE LAST TEN FISCAL YEARS

	2011	2010	2009	2008	2007
Active Employers by Type					
Private	250,432	251,009	257,012	264,870	270,499
Public (Local)	3,802	3,790	3,791	3,810	3,783
Public (State)	125	124	124	125	126
Self-Insured	1,203	1,202	1,188	1,174	1,139
Black Lung	39	37	38	39	37
Marine Fund	120	106	98	92	95
Total	255,721	256,268	262,251	270,110	275,679
Premium & Assessment Income (dollars in thousands)					
Premium Income	$ 1,572,603	$ 1,417,613	$ 1,896,525	$ 1,851,763	$ 1,802,634
Assessment Income	410,652	730,667	573,025	383,329	2,526,728
Provision for Uncollectibles	(48,075)	(29,859)	(108,620)	(96,690)	(58,429)
Total Premium & Assessment Income	$ 1,935,180	$ 2,118,421	$ 2,360,930	$ 2,138,402	$ 4,270,933
Average Published Rate per $100 of Payroll:					
Private Employers	$1.43	$1.49	$1.55	$1.76	$1.85
Public Employers-Taxing Districts	1.38	1.46	1.76	1.85	1.84

Sources:
Ohio Bureau of Workers' Compensation Year-End Statistics Report
Ohio Bureau of Workers' Compensation Actuarial Report

Note:

In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a $1.9 billion increase in assessment income during fiscal year 2007.

2006	2005	2004	2003	2002
283,038	283,733	283,620	278,494	272,195
3,771	3,765	3,733	3,717	3,687
126	129	126	129	128
1,136	1,127	1,104	1,092	1,181
36	37	36	36	37
91	82	90	87	78
288,198	288,873	288,709	283,555	277,306
$ 1,762,823	$ 1,732,563	$ 1,743,766	$ 1,723,294	$ 1,880,463
410,504	536,641	488,889	508,039	482,222
(70,038)	(68,070)	(105,873)	(56,395)	(66,553)
$ 2,103,289	$ 2,201,134	$ 2,126,782	$ 2,174,938	$ 2,296,132
$1.85	$1.76	$1.98	$1.94	$1.80
1.87	1.89	1.84	1.81	1.62

STATE OF OHIO
LOTTERY COMMISSION ENTERPRISE FUND
TICKET SALES BY MAJOR GAME TYPE
FOR THE LAST TEN FISCAL YEARS
(dollars in millions)

	2011	2010	2009	2008	2007
Online Games:					
Pick 3	$ 364.4	$ 366.7	$ 382.5	$ 387.1	$ 370.9
Pick 4	209.0	201.3	205.9	198.8	183.0
Buckeye 5/Rolling Cash 5	62.4	67.1	67.2	70.5	72.9
Super Lotto/Classic Lotto(A)	-	-	-	-	21.8
Classic Lotto(A)	42.7	42.8	43.9	41.2	21.8
Raffle(B)	10.0	9.1	9.3	10.0	17.8
Kicker(G)	10.3	24.1	21.4	21.4	21.3
Mega Millions/Megaplier(G)	165.0	215.8	193.0	201.0	196.1
EZ Play(C)	30.9	30.4	34.3	12.3	-
Ten-OH!(D)	9.2	9.7	11.0	18.0	-
Keno(E)	157.9	120.6	99.8	-	-
Power Ball/Power Play(F)	76.4	23.6	-	-	-
Total Online Games	1,138.2	1,111.2	1,068.3	960.3	905.6
Instant Games	1,462.8	1,379.0	1,349.4	1,364.8	1,353.8
Total Ticket Sales	$ 2,601.0	$ 2,490.2	$ 2,417.7	$ 2,325.1	$ 2,259.4

Source:

Ohio Lottery Commission

Notes:

(A) - In January 2007, the Classic Lotto game replaced the Super Lotto game.
(B) - Raffle to Riches was a new game started in 2007.
(C) - In April 2008, the new EZ Play game was introduced.
(D) - In August 2007, the game Ten-OH! was introduced.
(E) - In 2009, the Keno game was introduced.
(F) - In fiscal year 2010, the Power Ball / Power Play was introduced.
(G) - In fiscal year 2011, the Kicker was retired and the Megaplier was added.

2006	2005	2004	2003	2002
$ 377.3	$ 387.7	$ 396.8	$ 401.8	$ 409.2
175.7	170.1	165.2	154.2	154.6
72.6	74.8	66.6	68.9	62.4
76.3	113.0	143.8	160.7	297.9
-	-	-	-	-
-	-	-	-	-
21.6	19.9	24.5	27.3	45.0
223.4	176.4	191.8	176.2	16.5
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
946.9	941.9	988.7	989.1	985.6
1,274.0	1,217.2	1,166.0	1,089.1	997.5
$ 2,220.9	$ 2,159.1	$ 2,154.7	$ 2,078.2	$ 1,983.1

STATE OF OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

As of June 30,	Governmental Activities				
	General Obligation Bonds	Revenue Bonds	Special Obligation Bonds	Certificates of Participation	Capital Leases
2011	$ 7,872,276	$ 7,156,025	$ 2,260,853	$ 179,935	$ 6,530
2010	7,343,289	6,891,331	2,338,094	200,428	8,624
2009	7,138,051	6,646,593	2,427,556	216,537	9,929
2008	7,310,376	6,413,182	2,585,319	187,336	9,804
2007	7,583,266	811,910	2,966,105	122,182	18,737
2006	6,893,521	720,675	3,317,325	90,389	3,366
2005	6,039,203	591,888	3,699,936	92,142	2,471
2004	5,420,711	607,958	3,914,168	6,480	3,460
2003	4,603,842	450,598	4,093,614	7,370	4,888
2002	3,771,129	297,638	4,389,102	9,900	3,933

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis

Ohio Office of Budget and Management

Note:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

(dollars in thousands)

Business-Type Activities					
Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita	
$ 47,889	$ 58,007	$ 17,581,515	4.21%	1,524	
64,200	66,757	16,912,723	4.12%	1,465	
80,657	3	16,519,326	4.05%	1,438	
97,286	12	16,603,315	4.20%	1,448	
115,740	22	11,617,962	3.05%	1,012	
135,215	12	11,160,503	3.06%	974	
151,063	205	10,576,908	2.96%	923	
158,578	30,368	10,141,723	2.96%	887	
167,310	44,151	9,371,773	2.82%	821	
190,723	57,171	8,719,596	2.68%	766	

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STATE OF OHIO

RATIOS OF GENERAL AND SPECIAL OBLIGATION BONDED DEBT OUTSTANDING FOR THE LAST TEN FISCAL YEARS

	Bonded Debt (dollars in thousands)					
As of June 30,	General Obligation Bonds	Special Obligation Bonds	Less Amount Restricted for Bond Repayment	Net Bonded Debt	Percentage of Personal Income	Per Capita Net Bonded Debt
2011	$ 7,872,276	$ 2,260,853	$16,857	$10,116,272	2.42%	877
2010	7,343,289	2,338,094	1,124	9,680,259	2.36%	839
2009	7,138,051	2,427,556	931	9,564,676	2.35%	833
2008	7,310,376	2,585,319	8,954	9,886,741	2.50%	862
2007	7,583,266	2,966,105	11,680	10,537,691	2.76%	918
2006	6,893,521	3,317,325	10,994	10,199,852	2.79%	890
2005	6,039,203	3,699,936	39,877	9,699,262	2.72%	846
2004	5,420,711	3,914,168	71,736	9,263,143	2.70%	810
2003	4,603,842	4,093,614	102,055	8,595,401	2.59%	753
2002	3,771,129	4,389,102	94,323	8,065,908	2.48%	708

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis

Ohio Office of Budget and Management

Note:

This table includes general and special obligation bonds for which debt service payments have been made from the following combining funds in the Debt Service and Capital Projects Funds. Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

Debt Service Fund:

Coal Research/Development General Obligations
Highway General Obligations
Local Infrastructure Improvements General Obligations
State Projects General Obligations
Highway Capital Improvements General Obligations
Higher Education Capital Facilities General Obligations
Common Schools Capital Facilities General Obligations
Conservation Projects General Obligations
Third Frontier Research/Development General Obligations
Persian Gulf Conflict Compensation General Obligation
Job Ready Site Development General Obligations
Chapter 154 Special Obligations
Higher Education Facilities Special Obligations**
Mental Health Facilities Special Obligations **
Parks and Recreation Facilities Special Obligations**
School Building Program Special Obligation
Ohio Building Authority Special Obligations

Capital Projects Fund:

Mental Health/Developmental Disabilities Facilities Improvements
Parks and Recreation Improvements
Adult Correctional Building Improvements
Administrative Service Building Improvements
Youth Services Building Improvements
Highway Safety Building Improvements
Ohio Parks and Natural Resources
Highway Capital Improvement

** - The activity previously reported in these Debt Service Funds is now reported in the Chapter 154 Special Obligations Fund.

STATE OF OHIO

ANNUAL LIMITATION ON DEBT SERVICE EXPENDITURES (BUDGETARY BASIS) FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

	2011(A)	2010	2009	2008	2007
Debt Service Expenditures.....	$ 755,023	$ 710,284	$ 1,075,938	$ 1,231,640	$ 1,216,382
General Revenue Fund (GRF) Revenues and Transfers from the Lottery Enterprise Fund.....	$ 26,777,100	$ 24,108,466	$ 27,386,792	$ 27,331,442	$ 26,447,719
Calculation of Annual 5% Debt Service Cap.....	$ 1,338,855	$ 1,205,423	$ 1,369,340	$ 1,366,572	$ 1,322,386
Amount Under the Debt Service Expenditure Cap.....	$ 583,832	$ 495,139	$ 293,402	$ 134,932	$ 106,004
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	2.82%	2.95%	3.93%	4.51%	4.60%

Limitations on Debt

A 1999 amendment to the Ohio Constitution provides an annual debt service "cap" on general obligation bonds and other direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, such bonds may not be issued if the future fiscal year debt service on the new bonds and previously issued bonds exceeds five percent of total estimated GRF revenues plus net state lottery proceeds during the fiscal year of issuance. Application of the cap may be waived in a particular instance by a three-fifths vote of each house of the General Assembly and may be changed by future constitutional amendments. Direct obligations of the State include, for example, special obligation bonds issued by the Ohio Building Authority and the Treasurer of State that are paid from GRF appropriations, but exclude bonds such as highway bonds that are paid from highway user receipts.

Source:

Ohio Office of Budget and Management

Note:

(A) Debt Service Expenditures reflect the restructuring of $336.9 million of net debt service from fiscal year 2011 into later fiscal years.

2006	2005	2004	2003	2002
$ 1,128,592	$ 1,097,800	$ 1,013,200	$ 959,490	$ 926,142
$ 26,492,278	$ 26,195,600	$ 24,678,900	$ 23,055,920	$ 22,072,703
$ 1,324,614	$ 1,309,780	$ 1,233,945	$ 1,152,796	$ 1,103,635
$ 196,022	$ 211,980	$ 220,745	$ 193,306	$ 177,493
4.26%	4.19%	4.11%	4.16%	4.20%

STATE OF OHIO
REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)

Economic Development and Revitalization Project Revenue Bonds
Issuer: Treasurer of State

	Liquor Control Enterprise Fund			Debt Service Requirements			
Fiscal Year	Gross Liquor Revenues	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2011	$733,573	$507,417	$226,156	$24,710	$31,682	$56,392	4.01
2010	706,736	488,730	218,006	21,940	25,447	47,387	4.60
2009	689,283	479,412	209,871	21,470	23,853	45,323	4.63
2008	663,830	459,638	204,192	16,480	23,094	39,574	5.16
2007	639,664	443,708	195,956	15,445	23,810	39,255	4.99
2006	606,905	422,577	184,328	10,950	20,914	31,864	5.78
2005	556,213	400,878	155,335	9,130	19,170	28,300	5.49
2004	520,161	374,275	145,886	8,195	15,627	23,822	6.12
2003	493,195	354,318	138,877	5,415	11,898	17,313	8.02
2002	470,515	338,926	131,589	5,060	11,074	16,134	8.16

Infrastructure Bank Revenue Bonds
Issuer: Treasurer of State

	Highway Operating Fund			Debt Service Requirements			
Fiscal Year	Gross Revenues (A)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2011	$147,045	N/A	$147,045	$114,095	$40,395	$154,490	0.95
2010	145,094	N/A	145,094	111,080	36,632	147,712	0.98
2009	150,609	N/A	150,609	123,240	34,716	157,956	0.95
2008	119,077	N/A	119,077	104,960	23,092	128,052	0.93
2007	92,167	N/A	92,167	80,520	18,876	99,396	0.93
2006	73,373	N/A	73,373	60,840	13,628	74,468	0.99
2005	66,592	N/A	66,592	53,045	14,020	67,065	0.99
2004	65,542	N/A	65,542	38,380	11,459	49,839	1.32
2003	49,409	N/A	49,409	37,965	11,653	49,618	1.00
2002	27,414	N/A	27,414	20,690	7,417	28,107	0.98

(continued)

Notes:

(A) The gross revenue for Infrastructure Bank Revenue Bonds includes GARVEE receipts, which stands for Grant Anticipation Revenue Vehicles, and other revenue. GARVEE receipts are capital market borrowings repaid by federal transportation funds deposited in the State's Highway Operating Fund.

STATE OF OHIO

REVENUE BONDS COVERAGE
FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)
(continued)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds

Fiscal Year	Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund: Gross Revenues (B)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Debt Service Requirements: Principal	Interest	Total	Coverage
2011	$291,908	N/A	$291,908	$23,760	$275,967	$299,727	0.97
2010	305,096	N/A	305,096	28,695	277,323	306,018	1.00
2009	374,674	N/A	374,674	98,585	282,012	380,597	0.98
2008	348,028	N/A	348,028	33,285	167,255	200,540	1.74

Ohio Building Authority Revenue Bonds

Fiscal Year	Ohio Building Authority Enterprise Fund: Gross Revenues (C)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Debt Service Requirements: Principal	Interest	Total	Coverage
2008 (D)	$27,527	$28,078	($551)	$2,686	$30	$2,716	N/A
2007	27,581	27,923	(342)	4,653	149	4,802	N/A
2006	27,980	25,165	2,815	2,047	298	2,345	1.20
2005	27,257	26,562	695	1,691	408	2,099	0.33
2004	26,484	26,881	(397)	3,730	5,544	9,274	N/A
2003	27,388	29,330	(1,942)	3,531	1,394	4,925	N/A
2002	32,488	32,031	457	3,359	1,565	4,924	0.09

(continued)

Notes (continued)**:**

(B) The Buckeye Tobacco Settlement Financing Authority revenue bonds were first issued in fiscal year 2008. Gross revenues consist of tobacco settlement receipts (TSRs) and investment income.

(C) Gross revenues consist of operating revenues and investment income.

(D) The final debt service payments on the Ohio Building Authority Revenue Bonds were made during fiscal year 2008.

STATE OF OHIO

REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)
(continued)

Bureau of Workers' Compensation Revenue Bonds
Issuer: Ohio Building Authority

Fiscal Year	Workers' Compensation Enterprise Fund: Gross Revenues (C)	Workers' Compensation Enterprise Fund: Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total	Coverage
2011	$4,314,528	$2,343,117	$1,971,411	$15,865	$3,110	$18,975	103.90
2010	4,183,060 (E)	2,849,661	1,333,399	15,930	3,866	19,796	67.36
2009	2,183,392	2,145,947	37,445	16,005	4,596	20,601	1.82
2008	2,880,519	2,663,456	217,063	15,055	5,291	20,346	10.67
2007	5,200,066 (F)	2,749,217	2,450,849	14,150	5,901	20,051	122.23
2006	2,882,383	2,002,722	879,661	13,190	6,472	19,662	44.74
2005	3,201,561	3,229,197	(27,636)	5,300	6,578	11,878	N/A
2004	3,388,523	3,056,227	332,296	—	6,183	6,183	53.74
2003	2,759,594	4,070,231	(1,310,637)	10,000	8,175	18,175	N/A
2002	1,946,105	4,547,191	(2,601,086)	9,000	8,571	17,571	N/A

Source:
Ohio Office of Budget and Management

Notes (continued)**:**

(C) Gross revenues consist of operating revenues and investment income.
(E) The Bureau of Workers' Compensation's (BWC) investment income for fiscal year 2010 increased by approximately $2 billion as a result of the implementation of a strategy to diversify fixed and equity investments, a comprehensive update to BWC's investment policy, and the selection of investment managers to execute its passive investment strategy.
(F) In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a $1.9 billion increase in operating revenues during fiscal year 2007.

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STATE OF OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Population (in thousands) U.S.	Change from Prior Period	Ohio	Change from Prior Period	Per Capita Personal Income U.S.	Ohio	Ohio as a Percentage of U.S.
2010	309,350	2,343	11,536	(7)	$39,945	$36,180	90.6%
2009	307,007	2,947	11,543	57	39,138	35,381	90.4%
2008	304,060	2,439	11,486	19	39,751	35,511	89.3%
2007	301,621	2,223	11,467	(11)	38,611	34,874	90.3%
2006	299,398	2,988	11,478	14	36,276	33,338	91.9%
2005	296,410	2,755	11,464	5	34,495	31,867	92.4%
2004	293,655	2,866	11,459	21	33,041	31,135	94.2%
2003	290,789	2,848	11,438	28	31,487	29,947	95.1%
2002	287,941	2,839	11,410	22	30,814	29,094	94.4%
2001	285,102	2,910	11,388	24	30,575	28,602	93.5%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis for Population, Income, and Employment

Ohio Department of Job and Family Services for unemployment rates

Ohio Department of Education for school enrollment

Ohio Department of Public Safety for motor vehicle registrations

Civilian Labor Force (in thousands)			
Ohioans Employed	Ohio's Unemployment Rate	Public School Enrollment in Ohio (in thousands)	Motor Vehicles Registered in Ohio (in thousands)
6,454	10.1%	1,872	12,027
6,469	10.2%	1,893	11,792
6,819	6.6%	1,882	11,945
6,829	5.6%	1,890	12,022
6,894	5.5%	1,835	12,128
6,792	5.9%	1,845	12,018
6,733	6.1%	1,844	12,192
6,669	6.1%	1,838	12,084
6,688	5.7%	1,831	12,064
6,758	4.3%	1,835	11,889

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STATE OF OHIO
PRINCIPAL EMPLOYERS
FOR CALENDAR YEARS 2010 AND 2001

	2010			2001		
Employer	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	84,802	1	1.31%	80,502	1	1.20%
State of Ohio	54,105	2	0.84%	62,367	2	0.93%
Wal-Mart Stores	51,780	3	0.80%	20,960	7	0.31%
Cleveland Clinic Health System	40,000	4	0.62%	21,120	6	0.31%
Kroger Company	39,000	5	0.60%	25,000	4	0.37%
Catholic Healthcare Partners	29,650	6	0.46%			
The Ohio State University	27,500	7	0.43%	17,600	9	0.26%
University Hospitals Health System	24,000	8	0.37%	17,280	10	0.26%
JP Morgan Chase & Co	18,500	9	0.29%			
Giant Eagle, Inc	15,600	10	0.24%			
General Motors Corporation				26,210	3	0.39%
Delphi Automotive				23,870	5	0.36%
General Electric Company				19,860	8	0.30%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Department of Development, Office of Strategic Research
State of Ohio Comprehensive Annual Report for Fiscal Year 2010 and 2001

STATE OF OHIO

FULL-TIME AND PART-TIME PERMANENT STATE EMPLOYEES DURING THE MONTH OF JUNE BY FUNCTION/PROGRAM FOR THE LAST TEN FISCAL YEARS

	Number of Employees				
Function/Program	2011	2010	2009	2008	2007
Primary, Secondary and Other Education	1,034	1,045	1,122	1,174	1,207
Higher Education Support	77	76	92	93	98
Public Assistance and Medicaid	2,811	2,880	2,772	3,108	3,314
Health and Human Services	9,018	9,401	9,671	10,312	10,549
Justice and Public Protection	21,477	21,906	22,465	23,410	23,682
Environmental Protection and Natural Resources	2,796	2,900	3,004	3,058	3,086
Transportation	5,507	5,562	5,549	5,624	5,711
General Government	5,183	5,305	5,214	5,338	5,294
Community and Economic Development	852	902	924	902	914
Workers' Compensation	2,019	2,231	2,335	2,382	2,549
Lottery Commission	330	353	346	339	329
Unemployment Compensation	599	622	554	552	535
Other	896	922	959	981	958
Total	52,599	54,105	55,007	57,273	58,226

Source:

Ohio Department of Administrative Services

Note:

(A) For fiscal year 2003 and prior, the number of individuals employed in the Unemployment Compensation Program is included in the number of employees reported for the Public Assistance and Medicaid Function.

2006	2005	2004	2003	2002
1,194	1,186	1,201	1,168	1,182
91	81	83	94	89
3,299	3,272	3,115	3,621	3,493
10,665	11,037	11,144	10,984	11,036
23,599	23,683	23,319	23,705	24,138
3,095	3,146	3,232	3,253	3,311
5,831	5,808	5,819	5,899	5,905
5,419	5,362	5,400	5,350	5,439
955	1,029	1,007	1,009	1,095
2,548	2,668	2,675	2,759	2,815
331	335	339	345	358
564	590	613	(A)	(A)
979	972	1,018	1,060	1,080
58,570	59,169	58,965	59,247	59,941

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2011	2010	2009	2008	2007
Primary, Secondary and Other Education					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools)	1,872,370	1,895,768	1,881,631	1,890,154	1,835,188
Public School Districts (A)	612	612	612	612	611
Community School Districts (A)	295	310	318	312	309
Vocational School Districts	49	49	49	49	49
High School Graduation Rate (by School year)	(B)	84.3%	83.0%	84.6%	86.9%
Higher Education Support					
Ohio Board of Regents:					
Student Enrollment at State-Assisted Institutions	543,468	522,913	478,376	465,856	457,322
State-Assisted Institutions	37	37	37	37	37
Ohio Instructional Grant Recipients (C)(D)	—	—	51,138	63,601	83,942
Ohio College Opportunity Grant Recipients (C)	78,334	66,779	77,481	52,130	25,567
Student Choice Grant Program Recipients (D)	—	—	58,562	58,499	59,400
Public Assistance and Medicaid					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage	2,151,760	2,035,693	1,878,345	1,761,529	1,736,971
Individuals Receiving Cash Assistance (OWF)	224,647	227,657	187,878	170,570	169,135
Individuals on ODJFS Medicaid Waiver	13,146	12,897	12,102	12,029	11,606
Ohio Department of Aging:					
Individuals on PASSPORT Waiver	41,443	38,185	36,273	35,872	33,943
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver	26,416	24,023	21,429	18,264	16,533
Health and Human Services					
Ohio Department of Alcohol & Drug Addiction Services:					
Clients Treated	97,033	100,802	103,469	100,270	99,314
Ohio Department of Aging:					
Clients Served-PASSPORT	41,443	38,188	36,273	35,751	33,943
Clients Served-Congregate Meals	63,453	60,264	67,653	66,132	65,366
Clients Served-Home Delivered Meals	39,037	44,735	47,036	46,432	44,607
Clients Served-Transportation Provided	20,144	27,413	29,665	30,798	29,800
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children	283,997	301,587	301,684	289,593	279,735
Ohio Department of Mental Health:					
Clients Served	6,730	6,745	5,600	5,859	7,419
Facilities' Admissions	5,753	5,756	6,084	6,111	6,424
Facilities' Average Daily Residence Population	977	989	1,011	1,036	1,053
Ohio Department of Developmental Disabilities:					
Individuals Served	446,939	429,132	412,341	354,004	343,955
Facilities' Average Daily Residence Population	1,228	1,335	1,462	1,517	1,603
Justice and Public Protection					
Ohio Department of Public Safety:					
Crashes Investigated	69,113	68,222	68,861	68,974	67,850
Total Arrests	508,418	497,915	556,635	582,282	555,587
Ohio Department of Rehabilitation and Correction:					
Inmate Population	50,561	50,807	50,919	50,191	49,199
Environmental Protection and Natural Resources					
Ohio Department of Natural Resources:					
Licenses and Registrations (E)	2,434,183	2,520,192	2,592,488	2,452,929	2,481,574

2006	2005	2004	2003	2002
1,842,943	1,845,351	1,843,898	1,838,068	1,830,958
610	612	611	611	611
293	248	164	129	93
49	49	49	49	49
86.1%	86.2%	85.9%	84.3%	82.7%
455,786	457,333	457,281	450,470	445,879
38	38	37	37	37
106,310	104,512	102,227	100,737	95,070
—	—	—	—	—
58,656	57,621	55,859	54,959	53,646
1,730,544	1,687,465	1,618,900	1,527,076	1,380,196
180,253	190,265	193,943	194,320	198,451
10,135	10,391	10,066	9,433	7,608
33,279	31,656	29,242	26,698	24,689
14,978	12,438	10,828	9,859	6,410
95,081	93,919	89,389	89,894	92,941
33,042	31,499	29,093	27,055	24,742
71,522	70,817	75,279	77,478	75,883
52,317	39,926	46,304	44,853	44,726
32,558	29,756	30,517	31,421	30,670
276,757	272,632	267,300	255,804	253,923
7,728	7,669	7,486	7,427	7,775
6,715	6,584	6,399	6,307	6,641
1,050	1,034	1,046	1,056	1,084
319,930	319,965	335,814	342,678	375,503
1,605	1,659	2,826	2,979	3,017
70,904	79,359	83,740	84,340	80,641
554,570	500,036	460,305	(B)	(B)
46,356	43,928	43,889	45,216	44,729
2,417,488	2,436,105	2,497,563	2,645,660	2,556,576

(continued)

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS
(continued)

Function/Program	2011	2010	2009	2008	2007
Transportation					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane	2,237	3,551	2,673	2,521	1,673
Four-Lane	942	1,220	1,076	871	506
Interstate	703	897	921	1,302	428
Workers' Compensation					
Ohio Bureau of Workers' Compensation:					
Claims Filed	116,378	116,042	132,549	159,611	171,692
Open Claims	1,129,873	1,221,302	1,321,214	1,415,491	1,540,543
Lottery					
Ohio Lottery Commission:					
Prize Awards Paid (in billions)	$ 1.60	$ 1.51	$ 1.50	$ 1.40	$ 1.34
Bonuses and Commissions Paid (in millions)	$ 161.3	$ 153.4	$ 150.1	$ 143.9	$ 140.0
Transfers to					
Lottery Profits Education Fund (in millions)	$ 738.8	$ 728.6	$ 702.3	$ 672.2	$ 669.3
Unemployment Compensation					
Ohio Department of Job and Family Services:					
Initial Claims	717,775	877,640	1,184,136	685,090	591,614
Continuing Claims	6,784,230	9,682,672	10,168,422	5,604,605	4,709,523

Sources: Various state agencies, as noted above.

Notes:

(A) The number of school districts include only those with enrollment.
(B) Data for the year indicated was not readily available.
(C) In fiscal year 2007, the Ohio Instructional Grant began to be phased out and was replaced by the Ohio College Opportunity Grant.
(D) The Ohio Instructional Grant and Student Choice Grant were eliminated at the end of fiscal year 2009.
(E) Data includes hunting licenses, fishing licenses, permits, and boating licenses.

2006	2005	2004	2003	2002
1,502	2,535	1,280	1,275	728
252	563	234	233	147
229	371	134	4	75
185,232	197,083	207,847	229,307	234,986
1,664,368	1,792,944	1,930,550	2,157,516	2,224,466
$ 1.31	$ 1.28	$ 1.28	$ 1.21	$ 1.15
$ 139.8	$ 133.8	$ 132.8	$ 137.0	$ 126.6
$ 646.2	$ 645.1	$ 655.6	$ 641.4	$ 635.2
636,722	689,412	750,783	812,169	842,819
5,094,129	5,352,206	6,395,391	6,733,498	6,895,871

STATE OF OHIO
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2011	2010	2009	2008	2007
Primary, Secondary and Other Education					
Historical Sites Owned by the State	35	35	35	35	35
Historical Sites Jointly Owned by the State and the Ohio Historical Society	8	8	8	8	8
Health and Human Services					
Developmental Disabilities Institutions	10	10	10	10	10
Mental Health Institutions	9	9	9	9	9
Justice and Public Protection					
Rehabilitation and Correction Institutions	29	29	30	30	30
Youth Services Institutions	4	5	6	8	8
State Highway Patrol Structures	81	79	79	79	86
Number of Readiness Centers	50	50	52	53	58
Environmental Protection and Natural Resources					
Number of State Parks	74	74	74	74	74
Area of State Parks, Natural & Wildlife Lands (in acres)	327,906	324,421	323,835	323,133	315,381
Area of State Forest Lands (in acres)	191,155	191,143	191,144	191,144	191,142
Transportation					
Buildings	825	830	827	816	822
Number of Rest Stops	109	110	116	116	114
Licensed Vehicles (A)	4,530	4,524	4,482	4,579	4,739
Infrastructure Assets(B)(C):					
Pavement (in lane-miles):					
Priority Subsystem	13,059	12,932	12,826	12,718	12,655
General Subsystem	29,932	29,960	29,991	30,063	30,118
Bridges:					
Number of Bridges	14,234	14,253	14,230	14,242	12,793
Deck Area (in thousand square feet)	105,721	105,413	104,852	104,084	84,447
General Government					
State Office Buildings	5	5	5	5	5
Community and Economic Development					
Permanent Agricultural Easement Land (in acres)	40,726	36,124	31,694	29,168	24,012

Sources:
- Ohio Department of Developmental Disabilities
- Ohio Department of Mental Health
- Ohio Department of Rehabilitation and Correction
- Ohio Department of Youth Services
- Ohio Department of Natural Resources
- Ohio Department of Transportation
- Ohio Department of Agriculture
- Ohio Building Authority
- Ohio Department of Public Safety
- Ohio Historical Society

Notes:

(A) The Ohio Department of Transportation does not use FleetOhio.
(B) Data presented is for the calendar year.
(C) The Priority Subsystem includes the interstate highways, freeways, and multi-lane portions of the National Highway System. The General Subsystem consists of two-lane routes outside of cities.

2006	2005	2004	2003	2002
36	36	36	36	37
8	8	8	8	8
10	12	12	12	12
9	9	9	9	9
28	28	28	29	29
8	8	9	9	9
91	79	85	89	86
60	63	63	63	63
74	74	74	74	74
315,611	314,646	310,964	309,271	302,983
191,142	191,117	185,838	185,709	185,311
830	810	793	769	764
108	126	126	126	126
4,701	4,626	4,741	4,789	4,938
12,500	12,355	12,225	12,210	12,114
30,168	30,207	30,246	30,317	30,487
12,531	12,544	12,416	12,394	12,489
83,443	82,684	82,260	80,608	81,012
5	5	5	5	5
20,186	15,155	12,514	9,602	4,441

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